



TM

AEEI

AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED

ABRIDGED INTEGRATED REPORT 2017

DEAR STAKEHOLDER

The Group completed its second cycle of its five-year strategy and accordingly, this report will address our performance for the year as well as look beyond 2017.

Our 2017 integrated report reflects on our achievements, the successes and the learnings of our journey and adapting to our five-year strategic plan and how we will continue towards realising our Vision 2020 Vision.

During the past year, our strategic plan was refined slightly as we reflected on our strategic focus areas.

How to read this report

Our integrated report provides information that enables stakeholders to make an informed assessment of our ability to create sustainable value. The aim of this report is to clearly and concisely tell the story of African Equity Empowerment Investments (AEEI or the Company or the Group), who we are, what we do and how we create value. This report documents our strategy, business model, opportunities and risks and our performance against our strategic objectives and governance, in a way that gives stakeholders a holistic view of the Group and our future prospects.

Additional information

This integrated report is supplemented by our full suite of online publications, which caters for the diverse needs of our stakeholder base and includes:

- Our online report
- Full sustainability report
- Full responsible investments report
- Full consolidated annual financial statements
- Responses to the GRI G4 Sustainability Reporting Guidelines
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV™)
- Notice to the annual general meeting

 These can be accessed on our website: www.aeei.co.za.

Share code: AEE

ISIN: ZAE000195731



INTEGRATED BUSINESS OVERVIEW

4	ABOUT THIS REPORT
6	WHO WE ARE
6	Mission statement
6	Vision statement
6	Our shared values
7	Where we operate
8	Key facts
12	Our value-creating business model
13	What sets us apart
14	Our recent awards and achievements
15	Flow of income and expenses
16	Products and services provided by the Group
17	Our investment philosophy
17	Risks related to our activities
18	GROUP STRUCTURE
25	FINANCIAL HIGHLIGHTS
26	FIVE-YEAR REVIEW
28	CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES IN THE SHORT, MEDIUM AND LONG-TERM
34	VISION 2020 VISION
35	Business model and strategic growth objectives
36	Our strategy to 2017 and progress made in terms of our Vision 2020 Vision
38	Our common vision and common objectives
42	MATERIALITY ASPECTS AND OUR RESPONSE TO STAKEHOLDERS' INTEREST

PERFORMANCE AND FUTURE OUTLOOK

50	NON-EXECUTIVE CHAIRMAN'S REPORT
54	CHIEF EXECUTIVE OFFICER'S REPORT
60	CHIEF FINANCIAL OFFICER'S REPORT

GOVERNANCE AND SUSTAINABILITY

69	CORPORATE GOVERNANCE REPORT
71	Corporate governance structure
72	Our effective leadership
78	Our executive team
84	Value-added statement
85	BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS
93	REPORT OF THE AUDIT AND RISK COMMITTEE
97	RISK MANAGEMENT REPORT
104	TECHNOLOGY AND INFORMATION
107	REMUNERATION COMMITTEE REPORT
114	SOCIAL AND ETHICS COMMITTEE REPORT
116	INVESTMENT COMMITTEE REPORT
118	TRANSFORMATION COMMITTEE REPORT
120	NOMINATION COMMITTEE REPORT
122	SUSTAINABILITY REPORT
	Human capital
	Transformation
134	SOCIAL SUSTAINABILITY

RESPONSIBLE INVESTMENTS

139	Footprint
140	FISHING AND BRANDS
140	Premier Fishing and Brands Ltd
143	TECHNOLOGY
143	AYO Technology Solutions Ltd
147	HEALTH AND BEAUTY
147	Wynberg Pharmaceuticals (Pty) Ltd
150	Orleans Cosmetics (Pty) Ltd
152	BIOTHERAPEUTICS
152	Genius Biotherapeutics
154	EVENTS AND TOURISM
154	espAfrika (Pty) Ltd
157	Triplos Travel (Pty) Ltd
160	Magic 828 (Pty) Ltd
162	STRATEGIC INVESTMENTS

FINANCIAL STATEMENTS

	Audit and risk committee report
	Directors' responsibilities and approval
	Directors' interest in contracts
	Report of the company secretary
	Report of the independent auditors
	Directors' report
167	CONDENSED FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

182	ANALYSIS OF SHAREHOLDER INFORMATION
183	SHAREHOLDERS' DIARY
184	ADMINISTRATION

NAVIGATIONAL TOOLS

The following icons have been applied throughout the report to direct the reader to additional information or cross-referenced sections.



Online reference for further information.



Page reference for information elsewhere in the report.



INTEGRATED BUSINESS **OVERVIEW**

4 ABOUT THIS REPORT**6 WHO WE ARE**

- 6 Mission statement
- 6 Vision statement
- 6 Our shared values
- 7 Where we operate
- 8 Key facts
- 12 Our value-creating business model
- 13 What sets us apart
- 14 Our recent awards and achievements

15 Flow of income and expenses

- 16 Products and services provided by the Group
- 17 Our investment philosophy
- 17 Risks related to our activities

18 GROUP STRUCTURE**25 FINANCIAL HIGHLIGHTS****26 FIVE-YEAR REVIEW****28 CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES IN THE SHORT, MEDIUM AND LONG-TERM****34 VISION 2020 VISION**

- 35 Business model and strategic growth objectives
- 36 Our strategy to 2017 and progress made in terms of our Vision 2020 Vision
- 38 Our common vision and common objectives
- 42 MATERIALITY ASPECTS AND OUR RESPONSE TO STAKEHOLDERS' INTEREST

ABOUT THIS REPORT

African Equity Empowerment Investments Limited is committed to the principles of integrated reporting in terms of our thinking and approach to long-term value creation and the role we play as a corporate citizen.

The leadership of the Group develops and directs the strategy and manages the business in an integrated way. Management takes into account the interests of our stakeholders and takes cognisance of capital resources required for the strategy.

This integrated report follows on our Vision 2020 Vision as reported on in the 2016 integrated report. It aims to provide a balanced, accurate and accessible assessment of our strategy, performance and opportunities and how they relate to material financial, economic, social and environmental and governance matters.

In preparing our integrated report we were guided by the following:

- The International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV™)
- The Johannesburg Stock Exchange (JSE) Listings Requirements
- The International Financial Reporting Standards (IFRS)
- The Companies Act, 2008 (No. 71 of 2008), as amended (the Companies Act)
- The Global Reporting Initiative (GRI) G4 Guidelines
- Broad-based Black Economic Empowerment (B-BBEE) Regulations

to ensure that the contents are aligned with material matters impacting our ability to create value.

SCOPE, BOUNDARY AND REPORTING CYCLE

Our integrated report covers the performance of the AEEI Group for the financial year ended 31 August 2017, with material restatements of line items in the statement of other comprehensive income and is primarily targeted at our providers of capital. Refer to note 53 of the audited financial statements. It takes into account the interests, concerns and information requirements of a wider group of stakeholders. This report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders.

The Group's income is generated mainly in South Africa. 54% is generated from Asia, America, Africa, Europe, Dubai, the United Kingdom (UK), the United States of America (USA), Ghana, Uganda, Zambia, Cameroon,

Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar and Malawi. This report aims to enable our readers to obtain a balanced view and to make an informed assessment of the Group's ability to create stakeholder value in the short, medium and long-term.

MATERIALITY AND MATERIAL MATTERS

AEEI applied the principle of materiality in assessing which information is to be included in this report. This report focuses particularly on those matters and provides material information which relates to the Group's strategy, governance, performance and sustainability in respect of all business units and sectors, which comprise strategic investments, food and brands, technology, health and beauty, biotherapeutics and events and tourism. All non-financial indicators include subsidiaries, but exclude strategic investments unless specifically indicated. Through a formal process by Board committees and executive management of the Group, material matters were identified and in terms of relevance, were approved by the Board of AEEI. Material matters and developments are comprehensively dealt with throughout the report. Our material matters, as described on pages 42 to 48 influence our strategy and inform the content of this report.

COMBINED ASSURANCE AND INTERNAL CONTROL

AEEI has a combined assurance model, which includes internal and external assessment of key strategic risks, internal controls and other material areas to support the integrity of the management, monitoring and reporting data. Management provides the Board with assurance on its accountabilities in terms of the implementation and monitoring of the Group's risks register and plan, as well as the controls related to the Group's day-to-day activities, while fostering a strong ethical climate to ensure compliance.

The Board, with the support of the audit and risk committee, is ultimately responsible for the system of internal control, which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. The audit and risk committee applied the combined assurance model to seek and optimise the assurance provided by management, the internal auditor and external assurance providers to ensure a strong ethical climate and to ensure compliance. They also monitored the relationship between the external assurance providers and the Company.

As AEEI is listed on the JSE, it complies with the JSE Listings Requirements, the Companies Act and King IV™.

Certain information included in this report has been externally assured and reviewed including:

- The integrated report was reviewed by our external auditors, Grant Thornton Cape Inc.
- The consolidated and separate annual financial statements for the year ended 31 August 2017 have been audited by Grant Thornton Cape Inc.
- External verification has been provided for the B-BBEE accreditation level. The verification is carried out by an organisation accredited by the Independent Regulatory Board of Auditors (IRBA).
- External verification in terms of the JSE Listings Requirements and the Companies Act were performed on the integrated report and the consolidated and separate annual financial statements for the year ended 31 August 2017.
- The sustainability information included in this integrated report has been externally reviewed, but not assured, by Integrated Reporting and Assurance Services (IRAS) and the rest of this integrated report was not subject to an independent audit or review (refer to the statement from IRAS on page 133).
- The sustainability review has not been independently assured, however, certain information contained in this review has been scrutinised by the Group's own internal control functions.

The information reported on is derived from the Group's own internal records and information available in the public domain.

The Board reviewed the effectiveness of controls for the year ended 31 August 2017, principally through a process of management self-assessment, including confirmation from executive management. It also considered reports from the internal audit, the external auditor and other assurance providers. (*King IV™ – Principle 5*)

DISCLAIMER: FORWARD-LOOKING STATEMENTS

In this report we make certain statements that relate to analyses and other information based on forecasts of future results based on historical data, which are based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments and business strategy. As defined, these are forward-looking statements. These statements may be identified by words such as “expect”, “look forward to”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “project” or words of similar meaning which are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures and in the risk management report.

Should one or more of these risks or uncertainties materialise, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AEEI may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. AEEI neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated.

SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

Effective 1 September 2016, the Group acquired 51% of the equity in Kalula Communications (Pty) Ltd, trading as Headset Solutions and effective 1 October 2016, concluded the acquisition of 57% equity in Puleng Technologies (Pty) Ltd. Effective 1 May 2017, the Group acquired 90% of the equity in Orleans Cosmetics (Pty) Ltd. The Group purchased additional shares in Sygnia Ltd, increasing our stake to 1.735%.

On 2 March 2017, the Group successfully listed its fishing and brands division on the JSE – now trading as Premier Fishing and Brands Ltd.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE INTEGRATED REPORT

The AEEI Board is ultimately responsible for ensuring the integrity of the integrated report and acknowledges its responsibility to ensure that the integrity of the integrated report is not compromised. The audit and risk committee also reviewed and recommended the integrated report and annual financial statements to the Board for approval. The Board has applied its mind to the integrated report and believes that it addresses all material matters and fairly represents the integrated performance of the Group.

The integrated report and the annual financial statements for the Group for the year ended 31 August 2017 were approved by the Board of directors and signed on their behalf by Reverend Dr VC Mehana and Mr K Abdulla on 7 November 2017. (*King IV™ – Principle 15*)

The special resolutions passed during the year for the Company relate to the approval of/for:

- the remuneration for executive and non-executive directors;
- inter-company financial assistance;
- financial assistance for the acquisition of shares in a related or inter-related company;
- the Company or its subsidiaries to repurchase Company shares; and
- the amendment to the Memorandum of Incorporation of the Company in relation to fractions.

We welcome your feedback and comments on the integrated report. Please address any queries to the corporate affairs and sustainability director, Cherie Hendricks at cherie@aeei.co.za.

WHO WE ARE

African Equity Empowerment Investments Limited (AEEI or the Company or the Group) is a majority black-owned and black-controlled investment holding company based in South Africa and is a subsidiary of Sekunjalo Investment Holdings (Pty) Ltd.

The Group holds strategic investments in BT Communication Services, Saab Grintek Defence, Pioneer Foods and Sygnia and some with international partners. We also have investments in fishing and brands, technology, health and beauty, biotherapeutics and events and tourism, all supporting B-BBEE and small, medium and microenterprises (SMMEs).

Our growth strategy is underpinned by our diverse portfolio and is reflected in our results. This growth strategy has laid a strong foundation for the next phase of the Group's evolution, which is reflected in our achievements in terms of Vision 2020 Vision. Growth in revenue increased from R735 759 in 2016 to R1 052 196 in 2017. Assets increased from R1 691 219 in 2016 to R2 822 153 in 2017.

MISSION STATEMENT

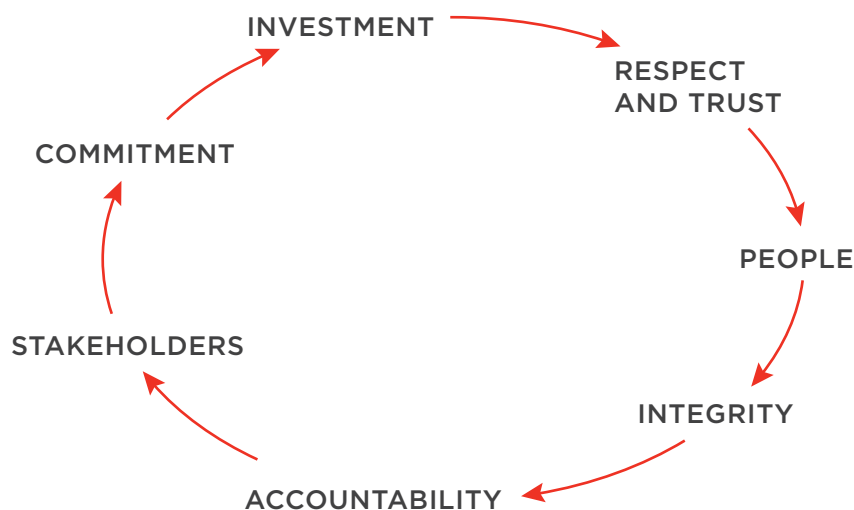
African Equity Empowerment Investments Limited is a diversified company that empowers people through profits and partnerships.

VISION STATEMENT

We are a dynamic and innovative company that creates superior stakeholder value.

OUR SHARED VALUES

We are driven by our values:



WHERE WE OPERATE

While AEEI's primary market remains in South Africa, we continue to expand into the rest of Africa. Outside South Africa we have a market presence in Asia, Europe, the USA, Africa, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar and Malawi through our subsidiaries.



WHO WE ARE – continued

KEY FACTS

3 May 1999DATE OF LISTING
ON THE JSE**R1 719 688 019**MARKET
CAPITALISATION
AT 31 AUGUST 2017**61.17%**MAJORITY
SHAREHOLDER
Sekunjalo Investment
Holdings (Pty) Ltd**858**NUMBER OF
PERMANENT
EMPLOYEES**3 120**NUMBER OF
CONTRACTORS**V&A Waterfront,
Cape Town**

HEAD OFFICE

28%INCOME
GENERATED OUTSIDE
SOUTH AFRICA**1**

B-BBEE LEVEL

81.11%BLACK
OWNERSHIP

2 822 153

TOTAL ASSETS (R'000) 2016: 1 691 219 | 2015: 1 345 471

466 232

HEADLINE EARNINGS (R'000) 2016: 211 930 | 2015: 152 614

94.89

HEADLINE EARNINGS per share (cents) 2016: 43.13 | 2015: 31.06

25 804

DIVIDEND DECLARED 2016: 12 283 | 2015: 9 827

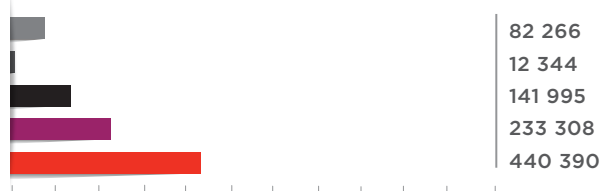
WHO WE ARE – continued

REVENUE CONTRIBUTION PER DIVISION

2010



2011



2012



2013



2014



2015



2016



2017



OUR KEY PERFORMANCE INDICATORS (KPIs)

FINANCIAL KPIs	2016 ACHIEVEMENT	2017 ACHIEVEMENT	2018 TARGET
REVENUE GROWTH	Achieved 12%	Achieved 43%	Increase revenue growth by 20%
OPERATING PROFIT	Achieved 53%	Achieved 111%	Increase operating profit by 20%
NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL	Achieved 47%	Achieved 18%	Increase cash flows by 15%
INCREASING NET ASSET VALUE	Achieved 24%	Achieved 100%	Increase net asset value by 20%
GROWTH IN TOTAL ASSETS	Achieved 264%	Achieved 65%	Grow total assets by 20%

NON-FINANCIAL KPIs	2016 ACHIEVEMENT	2017 ACHIEVEMENT	2018 TARGET
B-BBEE	Level 1 status	Level 1 status	Retain Level 1 status
HEALTH AND SAFETY	Zero fatalities	Zero fatalities	Maintain zero fatality
STAKEHOLDER RELATIONSHIPS	Increased communication to stakeholders	Increased communication to stakeholders	Increase stakeholder communication through various platforms
EMPLOYEE TRAINING AND DEVELOPMENT	372 employees undertook training	381 employees undertook training	Continue with training and development

As a B-BBEE business, AEEI has strong roots among historically disadvantaged individuals (HDIs) and community organisations. These form the majority of the Group's shareholder base. Black ownership of AEEI exceeds 81.11% and the majority of its economic benefits are enjoyed by previously disadvantaged stakeholders.

AEEI is recognised by its peers as a pioneer in promoting the interests of HDIs and previously marginalised communities. The Group's commitment to transformation, including employment equity, skills, social and enterprise development and corporate social investment, makes it a role model for B-BBEE.

WHO WE ARE – continued

OUR VALUE-CREATING BUSINESS MODEL

**FINANCIAL CAPITAL**

Capital: R1,3bn
 Assets: R2,8bn
 Strategic investments: R425m
 (excluding BT)



Read more on page 125.

**HUMAN CAPITAL**

858 permanent employees
 Employment created for
 3 120 contractors



Read more on page 126.

**MANUFACTURED CAPITAL**

Quality products
 Quality services
 Innovative organic products
 Capital investment in our
 businesses to increase
 capacity and efficiency
 Plant and equipment



Read more on page 127.

**INTELLECTUAL CAPITAL**

Patents
 Copyrights
 Software licences
 Strategic partnerships
 Empowerment partner of choice
 Software development
 Skill and experience of
 management and employees
 Consistently investing in training
 Collaborative research and
 development investments



Read more on page 128.

**SOCIAL AND
RELATIONSHIP CAPITAL**

Stakeholder engagement
 Leader in transformation
 Leader in social responsibility



Read more on page 129.

**NATURAL CAPITAL**

Responsible use of natural
 resources, effective environmental
 management systems and long-
 term goals to address carbon
 emissions, water usage and
 electricity usage



Read more on page 131.

WHAT SETS US APART

Vision 2020 Vision strategy, implementation plan with clear short, medium and long-term business strategies	Strong brand, credentials and proven delivery	Sustainable and organic growth while containing costs and driving efficiencies	Diversified business portfolio
Hands-on approach in our business development strategy	Built on solid empowerment credentials and return on investment	Successful track record and excellent business reputation	Strong management team and experienced executives leading our business units
Strong risk-based management of investments	Strategic investment portfolio	Low debt and gearing ratio	B-BBEE partner of choice
Rated as one of the JSE's most transformed companies	Maintained our B-BBEE Level 1 status since 2010	Investment in renewable energy and environmentally friendly products	Proven transformation culture and results

WHO WE ARE – continued

OUR RECENT AWARDS/ACHIEVEMENTS

AEEI achieved the following:

Winner – Highest Sustainability Data Transparency Index score – Financial services sector in 2017 by the IRAS out of over 300 Top JSE-listed companies

Level 1 B-BBEE status

2017 – Empowerdex's most empowered JSE listed companies

1st Place – Most Empowered Black-Owned Company

Winner of the Empowerdex 100 Most Empowered Companies in 2016

Winner of the Empowerdex Top 100 Empowered Management Control Company in 2016

Runner-up in the Empowerdex Most Empowered Black Ownership under amended Codes of Good Practice

Accorded the honour to open the JSE in recognition of consistent financial growth over several years, as well as a strong trading period in the last 12 months and recognised by its peers with several top awards and consistent financial performance – Raging Bull Trophy

FLOW OF INCOME AND EXPENSES

INCOME	<ul style="list-style-type: none"> Income is generated through the sales of products and services provided Management fees
OTHER INCOME	<ul style="list-style-type: none"> Private equity income is derived from the realisation or revaluation of investments and dividends received This includes private equity income and fair-value adjustments, among others Fair-value adjustments arise from the hedging of our balance sheet to mitigate fixed interest rate and basis risk Associate income is generated through our investments in non-controlling shareholdings
EXPENSES	<ul style="list-style-type: none"> We invest in our operations through infrastructure, technology and marketing We also invest in developing, motivating and retaining employees
IMPAIRMENT CHARGES	<ul style="list-style-type: none"> Fair-value adjustments arise from the hedging of our balance sheet to mitigate fixed interest rate
TAX	<ul style="list-style-type: none"> Taxation is the regulatory requirement to pay direct and indirect taxes

WHO WE ARE – continued

PRODUCTS AND SERVICES PROVIDED BY THE GROUP

THROUGH OUR VARIOUS BUSINESS ACTIVITIES, THE FOLLOWING PRODUCTS AND SERVICES ARE PROVIDED:



FISHING AND BRANDS

Sales, marketing and production of west coast rock lobster, south coast rock lobster, canned fish products, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).



TECHNOLOGY

The information and communication technology (ICT) group has evolved through continuously adapting to the needs of local and international ICT markets. The ICT group has grown both organically and acquisitively and is positioned as the most empowered ICT group of scale offering numerous end-to-end solutions to a host of industries. Through its divisions, subsidiaries and associates, the ICT group provides solutions to both the public and private sectors within South Africa and abroad, with its private sector customer base comprising mostly blue chip multinationals. The key strengths and foundation of the ICT group are its strong Board, management and specialised skills base. The ICT group maintains strong relationships and agreements with principals such as Nokia Siemens, InterSystems, Cisco, Microsoft, IBM, Riverbed etc., who provide their customers with continuous access to the latest world-class technologies.



HEALTH AND BEAUTY

Manufacture, distribution sale and marketing of an extensive range of natural products that are human, animal and plant safe and internationally recognised in the food, agriculture, hygiene and general health sectors. Imports and distributes four cosmetic brands from Europe and is the sole distributor of these products in Southern Africa.



BIOTHERAPEUTICS

Research and development of biopharmaceuticals and biosimilars for commercialisation.



EVENTS AND TOURISM

Events management, travel solutions as well as advertising and sponsorship income.



The above excludes our strategic investment portfolio.

For further information refer to pages 87 to 90 of our responsible investments report.

OUR INVESTMENT PHILOSOPHY

AEEI'S HIGH-LEVEL INVESTMENT PHILOSOPHY IS TO:

- hold a portfolio of investments in businesses that are diversified;
- acquire control of the majority of its operational investments;
- acquire and maintain non-controlling stakes in strategic investments;
- add value, influence business processes, provide management expertise and synergies with existing investments;
- provide capital investment to grow the business;
- ensure above-market shareholder returns; and
- provide and maintain high-quality infrastructure and assets.

AEEI HAS A TRACK RECORD OF BEING AN EMPOWERMENT PARTNER OF CHOICE. AEEI INVESTS IN COMPANIES WITH THE FOLLOWING CHARACTERISTICS:

- Strong investment partners that are aligned with our strategic objectives
- Leading brand in its fields
- Defined growth strategy



Refer to the investment committee report on page 116 for further details.

RISKS RELATED TO OUR ACTIVITIES



RISK

- Financial
- Strategic
- Economic
- Human resources
- Information and technology
- Legal compliance
- Environmental
- Operational
- Reputation



Refer to Governance of Risk Management on page 97 for further information on the above risks.

GROUP STRUCTURE



**FISHING AND
BRANDS**



TECHNOLOGY



**HEALTH AND
BEAUTY**



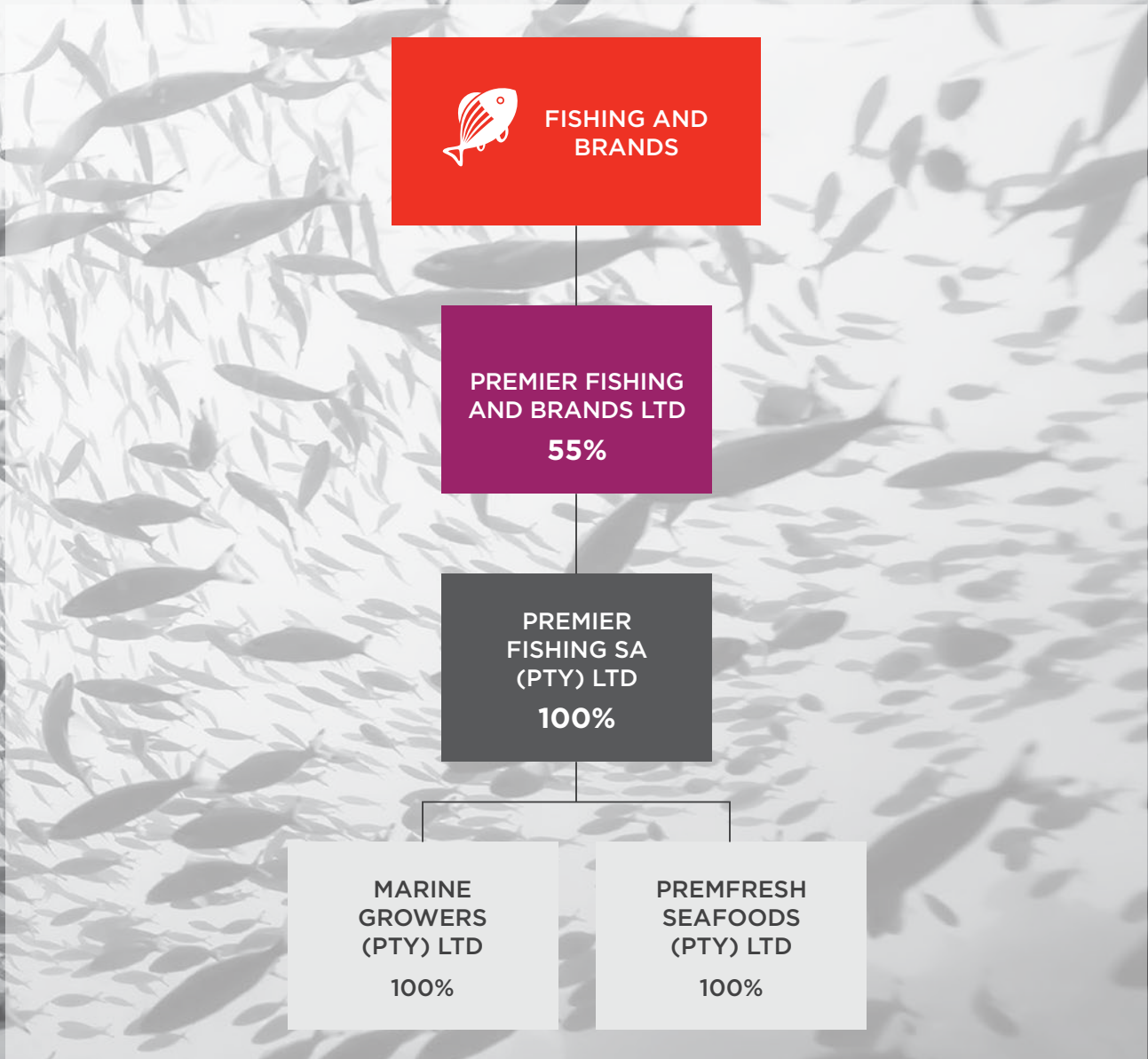
BIOTHERAPEUTICS



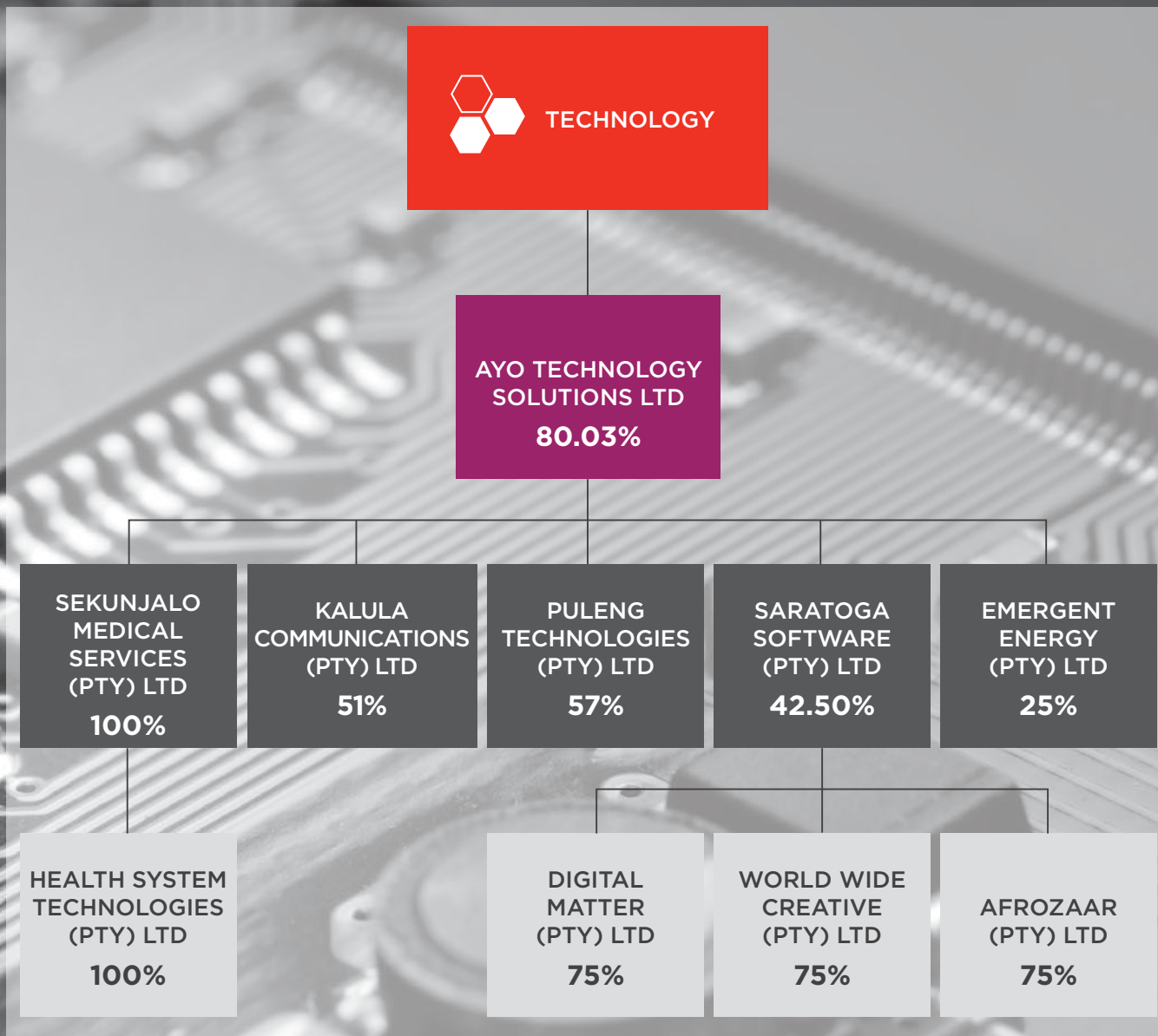
**EVENTS AND
TOURISM**



**STRATEGIC
INVESTMENTS**



GROUP STRUCTURE – continued





GROUP STRUCTURE – continued

**BIOTHERAPEUTICS**

AFRICAN
BIOTECHNOLOGY &
MEDICAL INNOVATION
INVESTMENTS (PTY) LTD

100%

INTEGRATED
BIOWORKS
(PTY) LTD

60%

BIOCLONES
(PTY) LTD

73.69%

RIBOTECH
(PTY) LTD

60.02%



EVENTS AND TOURISM

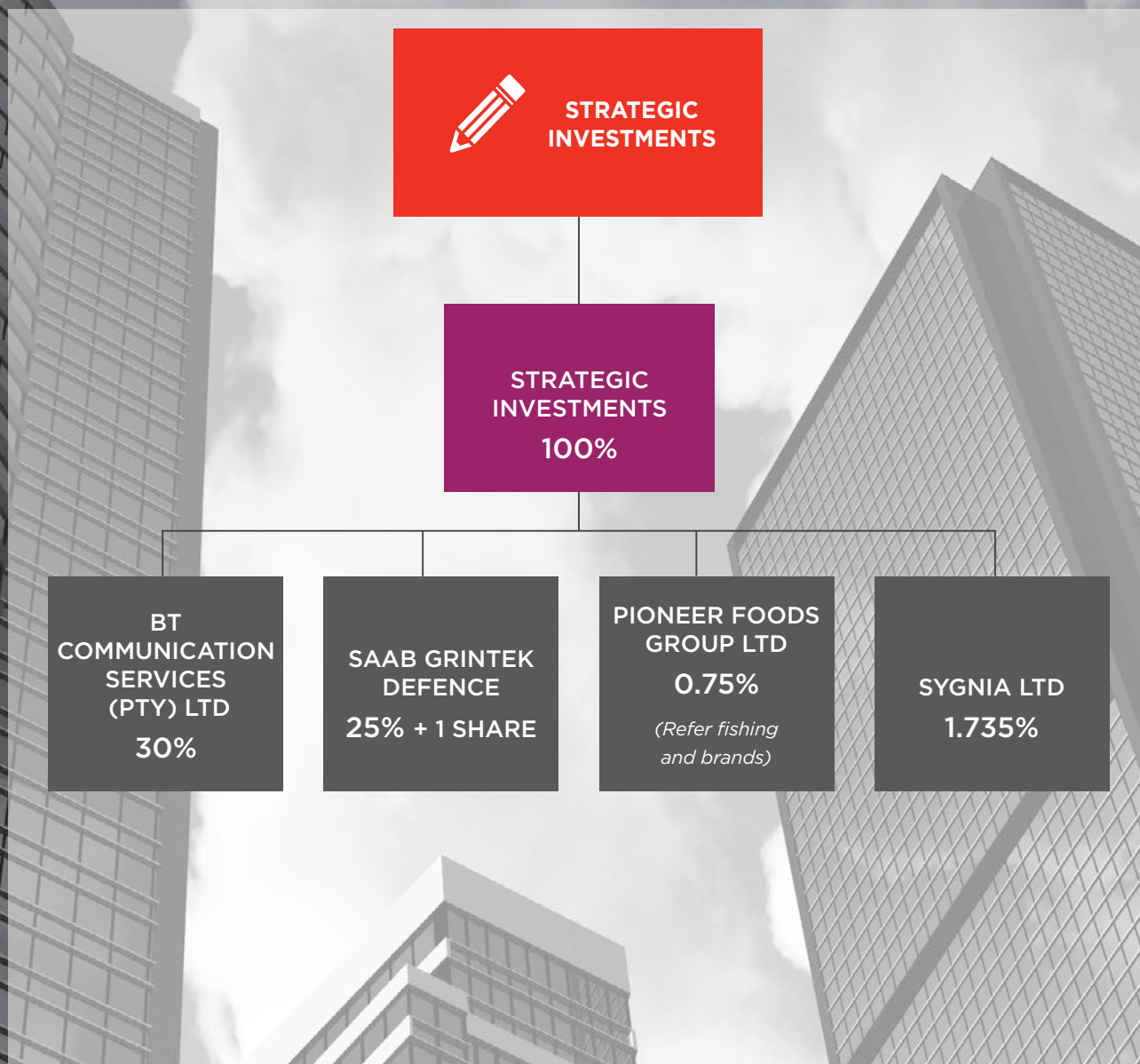
**AEEI EVENTS
AND TOURISM
(PTY) LTD**
100%

**ESPAFRIKA
(PTY) LTD**
51%

**TRIPPOS TRAVEL
(PTY) LTD**
56%

**MAGIC 828
(PTY) LTD**
40.1%

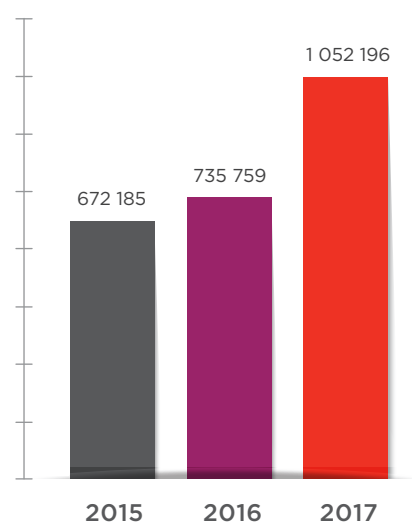
GROUP STRUCTURE – continued



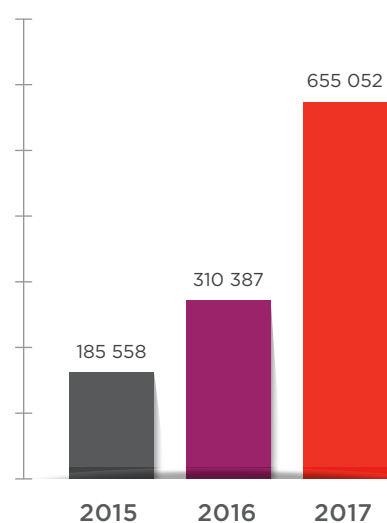
FINANCIAL HIGHLIGHTS

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Revenue	1 052 196	735 759	672 185	620 549	569 198
Profit before tax	680 890	287 740	185 747	108 192	58 665
Profit after tax (including portion attributable to non-controlling interests)	528 672	208 527	149 256	102 433	30 352
Headline earnings	466 232	211 930	152 615	78 552	29 829
Net asset value – Group	2 038 120	1 001 035	804 549	665 072	476 996
Net asset value – Company	1 978 739	1 844 846	969 438	787 220	754 559
Total assets – Group	2 822 153	1 691 219	1 345 471	1 178 084	903 230
Total assets – Company	2 605 945	2 415 582	1 247 695	1 005 834	944 667
Earnings per share (cents)	97.10	44.09	31.12	19.76	6.08
Headline earnings per share (cents)	94.89	43.13	31.06	16.03	6.10
Net asset value per share – Group (cents)	260.00	186.52	144.93	115.81	96.50
Net asset value per share – Company (cents)	402.72	375.47	197.31	160.22	154.20

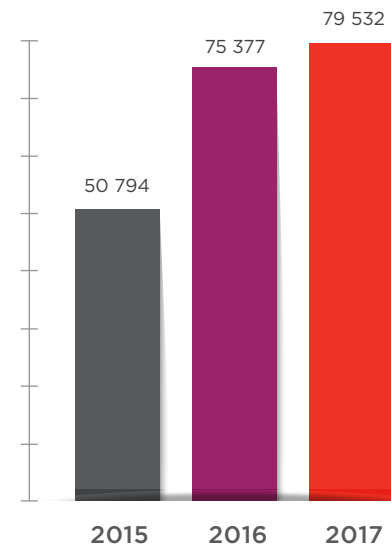
REVENUE
R'000



OPERATIONAL PROFIT
R'000



OPERATIONAL CASH FLOW
R'000



FIVE-YEAR REVIEW

STATEMENT OF FINANCIAL POSITION

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
ASSETS	2 822 153	1 691 219	1 345 471	1 178 084	903 230
Property, plant and equipment	154 527	147 086	153 422	138 266	126 890
Intangible assets and goodwill	466 967	395 472	396 529	391 836	50 108
Investments, loans and other receivables	1 216 141	868 151	530 406	429 238	531 789
Deferred tax assets	17 578	17 310	16 162	11 901	17 498
Current assets	966 940	263 200	228 952	204 991	174 818
EQUITY	2 038 114	1 001 035	804 549	665 072	476 996
Equity attributable to equity holders of the parent	1 277 487	916 452	712 106	569 036	472 234
Non-controlling interest	760 627	84 583	92 443	96 036	4 762
LIABILITIES	784 033	690 184	540 922	513 012	426 234
Non-current financial liabilities	250 256	265 210	115 622	137 446	149 873
Deferred tax liabilities	211 046	299 102	239 015	210 489	132 721
Current liabilities	322 376	130 176	186 285	165 077	143 640
Liabilities of disposal	(360)	-	20 000	1 852	2 127
Net asset value					
Group	2 038 114	1 001 035	804 549	665 072	476 996
Company	1 978 739	1 844 846	969 439	787 220	754 559
Net asset value per share (cents)					
Group	260.00	186.52	144.93	115.81	96.50
Company	402.72	375.47	197.31	160.22	154.20

STATEMENT OF COMPREHENSIVE INCOME

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Revenue	1 052 196	735 569	672 185	620 549	569 198
Profit before depreciation and amortisation (EBITDA)	677 332	331 068	208 841	118 128	99 124
Profit before taxation	680 891	287 740	185 747	108 192	58 665
Taxation	(155 029)	(79 332)	(36 491)	(5 759)	(28 313)
Profit for the year from continuing operations	525 862	216 504	149 256	102 433	30 352
Profit for the year from discontinued operations	2 810	119	–	–	–
Profit for the year	528 672	208 527	149 256	102 433	30 352
Attributable to:					
Equity holders of the Company	477 089	216 623	152 897	96 802	29 734
Minority interests	51 583	(8 096)	(3 641)	5 631	618
Headline earnings	466 232	211 930	152 615	78 552	29 829
	cents	cents	cents	cents	cents
Earnings per share	97.10	44.09	31.12	19.76	6.08
Headline earnings per share	94.89	43.13	31.06	16.03	6.10
Diluted earnings per share	97.10	44.09	31.12	19.76	6.08

CREATING SHARED **VALUE** **FOR SUSTAINABLE OUTCOMES** IN THE SHORT, MEDIUM AND LONG-TERM

African Equity Empowerment Investments Limited is a leading black economic empowered JSE-listed company, who creates value for its stakeholders through its innovative and sustainable business model, concise strategy, diverse product portfolio and strategic investments, complimented by an experienced and empowered leadership team focused on stakeholder wealth creation as well as communities.

SEGMENTAL OVERVIEW

RESPONSIBLE INVESTMENTS

PRODUCT
PORTFOLIO

WHAT WE DO

STATUS PROGRESS ON 2017 OUTLOOK

OUTLOOK FOR 2018



FISHING AND BRANDS

WHAT WE DO

Premier Fishing and Brands Ltd recently listed on the JSE. Premier Fishing SA (Pty) Ltd, a division of Premier Fishing and Brands, is the largest 100% black-owned fishing Company in South Africa. The Premier Group holds medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics, hake deep-sea trawl, hake longline and squid. They own an abalone farm and invests in organic agriculture and processes wild abalone.

STATUS PROGRESS ON 2017 OUTLOOK

- Revenue increased to R408m from R402m in 2016
- EBITDA increased to R79m from R78m in 2016
- Expansion of the abalone farm through a phased approach commenced – ongoing
- *Implemented centralised procurement for the entire Premier Group**
- *Increased factory utilisation through the newly established trading operation**
- *Installed a fully operational in-house clinic at the abalone farm**
- Assisted small businesses to grow and add value – achieved and ongoing
- Delivered sustainable returns to shareholders – achieved and ongoing
- Continued to drive an efficient cost base – achieved and ongoing
- Enhanced planning to increase catch rates – achieved and ongoing
- Listed the Company in March 2017 – achieved
- Focused on the environment impact of their business – ongoing
- Acquisition of small to medium sized fishing companies – ongoing
- Increase abalone spat production once expansion of the abalone farm is completed – commenced and ongoing
- Continuous growth of outside quota holders – achieved and ongoing
- Explored other growth opportunities present in the market – ongoing
- Product diversification to further penetrate foreign markets – ongoing
- Procurement of fish species for local and international markets and enhance marketing capacity – ongoing

OUTLOOK FOR 2018

- Abalone farm – 150 tonnes production capacity is expected to be installed by the end of the 2018 financial year
- A fully functional canning facility to be constructed by March 2018 with in-house canning to commence in April 2018
- Employment for 50 people will be created at the abalone farm
- Acquisition of small to medium-sized fishing companies
- Continue with the expansion of the abalone farm through a phased approach
- Increase abalone spat production once expansion of the abalone farm is complete
- Further installation of renewable energy through a phased approach
- Continuous growth of outside quota holders
- Explore other growth opportunities present in the market
- Product diversification to further penetrate foreign markets
- Procurement of fish species for local and international markets and enhance marketing capacity



More information on page 140.

* Not included in the Outlook for 2017 but has been achieved.

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES – continued



TECHNOLOGY

WHAT WE DO

The AYO Technology Solutions Group is an empowered ICT group offering numerous end-to-end solutions to a host of industries. Solutions include: specialist provider of optimised and integrated healthcare ICT solutions; network services; collaboration services, including Immersive Telepresence, Managed local area network (LAN) and information processes and technology (IPT) Services, System Integration, Enterprise Security Management, Converged Infrastructure, Enterprise Storage Management, Efficiency and Waste Management, Audio Technology Provider and Unified Communications, mobile solutions, strategic digital services, asset tracking and renewable energy.

STATUS PROGRESS ON 2017 OUTLOOK

- Acquired two new businesses
- Penetrated markets outside South Africa by implementing and embarking on a Proof of Concept and a support contract for hospitals in Dubai
- *Contributed to the technology required for the National Health Insurance by working with the Council for Scientific and Industrial Research (CSIR) on integrating existing clients' data**
- *Developed and implemented an electronic continuity of care record**
- *Acquired telemedicine solutions by becoming a value-added reseller and forming a joint venture to market the product**
- Maintained service level agreements at more than 95% of compliance – ongoing
- Grew revenue by expanding customer base and maintained an efficient cost base – ongoing
- *Achieved new branding in terms of Publisher's Toolbox**
- *Developed new product by using new technology**
- Implemented phase 1 of the transformation from digital marketing agency to a strategic innovation agency – ongoing
- *Drove efficiencies by shifting from an internal development team to outsourced development partners**
- *Increased revenue from current key accounts through greater strategic value-adds**
- Penetrated the African market with expansion into four countries
- *Closed the first Tracksmart deal and secured the rights to certify and distribute a battery-powered safe global positioning system (GPS) tracking unit**
- Improved partnerships with financial institutions to package solutions for clients
- Secured long-term managed services contract with leading financial services and telecommunications organisations
- *Introduced subscription-based cloud and managed services**
- *Penetrated the lower end of the market to cater for smaller contact centres and unified communications customers**

OUTLOOK FOR 2018

- Expand on Proof of Concept implementation and establish an Electronic Health Record in African countries
- Expand clinical functionality at existing clients and explore data warehouse solutions
- Further develop opportunities to become a technology provider of choice
- Continue to explore the acquisition of companies with complementary technologies and services while growing organically through new developments
- Expand consulting service offerings into international markets and improve market positioning
- Grow product portfolio in the digital publishing and marketing sector
- Expand into new sectors with innovative products
- Retain business won
- Create and use a unique, consistent and persuasive consulting experience that attracts new clients and engages existing clients
- Expand client base into fuel and non-fuel tanker fleets
- Grow the footprint of certain projects into the rest of the client's operations
- Expand into new commercial sectors with innovative security products
- Grow cloud and subscription-based services across a portfolio for data and user security
- Continue organic growth coupled with growth through acquisitions of complementary businesses and the acquisition and/or development of additional products



More information on page 143.

* Not included in the Outlook for 2017 but has been achieved.



HEALTH AND BEAUTY

WHAT WE DO

Included in this division are the manufacturing, sales and marketing of an extensive range of natural products for the food, agriculture, hygiene and general health sectors and the import and distribution of four cosmetic brands from Europe.

STATUS PROGRESS ON 2017 OUTLOOK

- *Acquired new business in the cosmetics industry**
- Research initiatives taken to commercialisation of products
- Successful registration of additional products
- Introduction of pre-harvest products to the local market
- Diversified products and markets – achieved
- Expanded into new markets – achieved
- Retention of business – ongoing

OUTLOOK FOR 2018

- Growth of product portfolio into other sectors
- Conclude joint venture negotiations in two sectors
- Expand into new sectors with innovative products
- Retention of business
- Expand into new markets outside South Africa
- Work towards a future listing
- Focus on strengthening cosmetic brands
- Explore additional agencies in fragrance and make-up



More information on page 147.

** Not included in the Outlook for 2017 but has been achieved.*



BIOTHERAPEUTICS

WHAT WE DO

Included in this division is the research and development of biopharmaceuticals and biosimilars for commercialisation.

STATUS PROGRESS ON 2017 OUTLOOK

- Work towards a future listing of the business – ongoing
- Pre-clinical work on breast cancer
- Infrastructure and facility improvements – ongoing
- Regulatory and preparation process validation for production – ongoing
- Development work on cancer immunotherapy – ongoing
- Development for biosimilar drug – ongoing
- Production of protein-based reagents for use in research laboratories and industrial applications – ongoing

OUTLOOK FOR 2018

- Work towards a future listing
- Update regulatory requirements
- Continue with infrastructure and facility improvements
- Regulatory and preparation process validation for production
- Continue with clinical work on breast cancer to human trials
- Continue with development work on cancer immunotherapy
- Secure additional funding
- Generate revenue from sale of laboratory agents
- Ongoing research and development in granulocyte-colony stimulating factor (G-CSF)



More information on page 152.

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES – continued

EVENTS AND
TOURISM

WHAT WE DO

This division features a cutting-edge global competitive company in events management and travel solutions. Over the past decade, the events company staged international music festivals throughout Africa and under their leadership the Cape Town International Jazz Festival, has been named the fourth best jazz festival worldwide. In 2016 it was voted one of the World's Best Festivals by FEST 300 and voted the Best Festival in Cape Town in the OFLOCAL 2015 poll. Included in this division is a travel and tourism company and a medium-wave commercial music radio station.

STATUS PROGRESS ON 2017 OUTLOOK

- Worked towards developing owned events – achieved
- Expanded into new markets outside the Western Cape – achieved – secured two new annual events
- Hosted a two successful events – Cape Town International Jazz Festival and the Royal Escape Experience
- Delivered sustainable returns to stakeholders
- *Maintained good staff morale and a rewarding working environment**
- Looked at opportunities to grow in the travel, tourism and entertainment industries and expanding footprint – ongoing
- *Marketing campaign in the travel industry resulted in growing outbound leisure sales**
- *System enhancements to measure productivity and improve service**
- *Travel sector elected as the official travel partner for the Cape Town International Jazz Festival**
- Considered and promoted a crossover radio station offering a format appealing to a section of the region's population – achieved
- Continued with brand awareness and increased listenership
- Ongoing involvement of outside broadcasts and assisting community radio stations
- *Created affordable packages for entities previously not advertising on the radio stations**

OUTLOOK FOR 2018

- Successfully launch the new music events
- Further develop the Royal Escape Experience Brand
- Secure sponsorship for existing and new events
- Expand into new markets outside South Africa
- Continue working on customer service through educational trips, training and workshops for staff
- Meet performance targets in the travel sector
- Grow the corporate client market in the travel sector
- Work towards further extending our footprint outside the Western Cape in the long-term
- Develop, promote and sell outbound travel packages
- Increase brand awareness and listenership
- Look at opportunities to expand Magic 828 through government business
- Extend broadcasting via programming
- Increase advertising
- Increase their broadcast area
- Further growth in listenership



More information on page 154.

* Not included in the Outlook for 2017 but has been achieved.



STRATEGIC INVESTMENTS

WHAT WE DO

The Group's strategic investments consist of stakes in British Telecoms South Africa (BT), Saab Grintek Defence (Saab), Pioneer Food Group (Pioneer Foods) and Sygnia Ltd.

2017 PROGRESS

- Explored further business opportunities – process is ongoing
- Looked for further opportunities in new strategic investments – ongoing
- Further acquisition in Sygnia concluded in August 2017

OUTLOOK FOR 2018

- Review further business opportunities within our current strategic investments
- Increase stakes in existing strategic investments
- Continue to look for and explore further opportunities in new strategic investments
- Acquire further strategic investments



More information on page 162.

VISION 2020 VISION

ORGANISATIONAL STRUCTURE



FISHING AND
BRANDS



TECHNOLOGY



HEALTH AND
BEAUTY



EVENTS AND
TOURISM



BIOTHERAPEUTICS



STRATEGIC
INVESTMENTS



OPERATIONAL
INVESTMENTS



RESEARCH AND
DEVELOPMENT

BUSINESS MODEL AND STRATEGIC GROWTH OBJECTIVES

CREATING STAKEHOLDER VALUE

KPIs

- Increase revenue to R1,6bn by 2020
- Increase operating profit by 2020
- Double total assets by 2020
- Pay regular dividends

OBJECTIVES

- Increase revenue
- Increase profit
- Increase assets
- Increase cash generation
- Increase NAV

KPIs

- Employee retention
- Employee development plans
- Gender equality and diversity
- Further develop and promote skills development
- Employment equity

OBJECTIVES

- Attract quality employees
- Retention of employees
- Gender equality and diversity
- Employment equity
- Employee development plans

KPIs

- Pay regular dividends to shareholders
- Steady organic growth increase year on year
- Acquire new operational companies in foods and brands and information technology, etc.
- Acquire new strategic investments
- List technology division
- Listed fishing and brands division separately

OBJECTIVES

- Maintain and improve on our sustainable and well-governed organisation
- Grow further organically
- Increase operational companies in the fishing and brands and technology divisions by acquisition
- Increase equity in new and existing strategic investments
- List technology division in the short to medium-term
- Listed fishing and brands division in March 2017

KPIs

- Profile the Company regularly
- Communicate regularly with stakeholders
- Advertise regularly
- Present regularly to market analysts and institutions
- Improve overall Company performance

OBJECTIVES

- Build the AEEI brand
- Enhance brand recognition
- Protect the AEEI reputation and value
- Increase brand visibility

VISION 2020 VISION – continued

OUR STRATEGY TO 2017 AND PROGRESS MADE IN TERMS OF OUR VISION 2020 VISION

AEEI's business model, investment approach and philosophy resulted in it acquiring control of the majority of its operational investments as well as holding minority equity in strategic investments. This enables it to add value through its extensive expertise and networks, while promoting an entrepreneurial culture within its management structure and staff. Through our assets and investments, we drive the businesses to become efficient on a sustainable basis, which generates revenue, dividends and cash flow to support the Group as a whole.

“Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world.”

Joel A Barker

One of AEEI's key strategic objectives is to create sustainable value for all its stakeholders and to integrate sustainable development into strategy, governance, management and reporting, with the objective of reducing the negative impact on the environment.

AEEI's financial strategy is to grow through acquisitions and leveraging the existing portfolio by maximising the net investment asset base and improving cash generation, thereby growing income sustainably and managing its costs.

Through the Company's achievement of economic growth and its social contract, it remains one of the few Company's to have consistently topped the rankings in its sectors overall over the last few years and is placed as the number one empowerment Company in South Africa.

As a result of AEEI being recognised for its leadership qualities in the transformation of society and its innovative business model in South Africa, the Company continues to be invited to participate in a number of global forums and multilateral organisations.

AEEI's strategic approach to risk is to regularly assess whether the risk process is effective in identifying and evaluating risks and to determine whether the business operations have managed the risks in line with the Group's strategy while considering mitigation action and the overall sustainability of the business.

The Group's businesses are on track to deliver on its growth plans and goals towards achieving its Vision 2020 Vision strategic planning for the 2020 financial year.

The Board of directors delegated the action plans to the Group's executive management for implementation with clear deliverables. The Group's executives provide feedback at the quarterly Board meetings on progress made.

The following high-level KPIs are ongoing:

- Double revenue
- Increase operating profit substantially
- Increase operational cash flow significantly
- Increase NAV significantly
- Substantially increase or double total assets
- Separate listing of the IT business
- Regular payment of dividends to shareholders
- Create medium- to long-term shareholder value
- Develop positive director and stakeholder involvement in the strategy
- Building the AEEI brand
- Create employment and opportunities for employee growth
- Create a Group that leads in both profits and sustainable business practices.

Listed below are the Group's 2017 achievements:

- Group revenue grew to R1 052m from R736m
- Group profit before tax grew to R681m from R288m
- Cash generated from operations increased from R75m to R79m
- Group NAV increased from R1bn to R2bn
- Group assets grew to R2.8bn from R1,7bn
- Listed the fishing and brands division in March 2017
- Increased equity stake in one of our strategic investments

- A significant reduction in debt to equity
- Solid cash management
- Payment of dividends and interim dividend
- Purchased 90% stake in a cosmetics company
- Acquired 51% and 57% stakes respectively in two technology companies
- Provided a safe and healthy workplace and strived to reduce the environmental footprint of products and operations and supported local communities
- Engaged with and further developed diverse suppliers and enterprise development clients
- Strengthened management systems that govern responsible operations
- Pursued partnerships with key stakeholders and formed joint venture initiatives to promote localisation
- Further identified opportunities for local manufacture and the promotion of skills transfer
- Fostered equality within our work environment irrespective of gender, race, creed and other forms of diversity
- Developed personal plans for employees and promoted performance management
- Further promoted skills development and learnership programmes
- Continued to build leadership capacity among women
- Engaged with our staff at all levels, which provided us with the necessary feedback and input in understanding and responding to improving their skills and training needs
- Adoption of King IV™
- Ensured full compliance with the changing regulatory requirements

AEEI continues to support the development of a positive public attitude towards increased innovation, the stimulation of new green enterprises, upskilling new and existing employees and managers, investing in research and development and developing research centres relevant to our industry and intellectual property.

VISION 2020 VISION – continued

OUR COMMON VISION AND COMMON OBJECTIVES

OUR SHARED VALUES

What shared value means to us: Understanding stakeholder expectations and societal needs and communicating through stakeholder engagements.

WE ARE DRIVEN BY OUR VALUES

RESPECT AND TRUST



To always respect and trust fellow employees, customers, partners and all stakeholders.

PEOPLE



To always respect fellow employees, partners and all stakeholders. To provide sustainable employment opportunities for all of our employees and others as well as a safe and secure working environment and to maintain zero fatality. Develop, attract and retain the correct skills and structures to meet and support our strategic growth.

INTEGRITY



To always act with integrity in whatever we do based on our values, principles, Code of Ethics and Code of Conduct.

ACCOUNTABILITY



To have responsible and accountable leadership that addresses the expectations of diverse stakeholders and to embrace these responsibilities with efficiency.

STAKEHOLDERS



To serve our stakeholders through good corporate governance, value creation and affordable products and services.

COMMITMENT



To deliver on our promises and add value beyond expectations.

INVESTMENT



To stimulate investment in the areas of green enterprises, social innovation and societal development.

OUR COMMON OBJECTIVES

To sustain profitability by partnering with communities and government in a social contract to achieve economic growth and giving more South Africans access to this growing prosperity.

OUR COMMON GOAL

To ensure that the Group delivers long-term value to all its stakeholders; increases shareholder wealth, economic transformation and the development and upliftment of social communities; and builds long-term stakeholder relationships.

OUR INTEGRATED VALUE CHAIN

The Group looked at innovative ways to sustain its existing businesses by adapting to changing environments and through our acquisition and new business development approaches. With our risk management approach and the impact of changing markets, competitors and the economic environment, management is constantly aware of how the Group can improve sustainability through constant change.

VALUE CREATION USING SIX CAPITALS

When making decisions on how to manage and grow our businesses, AEEI takes into account the six capitals, including the resources required. These are critical to AEEI's ability to create value. AEEI uses the input of each capital for the effective production and delivery of services and goods, thereby creating value for our stakeholders.

 <p>FINANCIAL CAPITAL</p> <p>Creating and sustaining shareholder value and funding growth projects through the responsible use of access to capital, cash generated, use of assets as well as investing in strategic investments</p>	 <p>HUMAN CAPITAL</p> <p>Addressing the shortage of skills, productivity, diversity and excellence through employee retention, training and skills development</p> <p>Continue to develop personal plans for employees and promote performance management</p>	 <p>MANUFACTURED CAPITAL</p> <p>Having leading facilities, providing quality products and services and capital investment in our businesses to enable them to operate assets safely and reliably</p>
 <p>INTELLECTUAL CAPITAL</p> <p>Retaining our intellectual capital, which includes our unique customer solutions, brands, knowledge-based assets, patents, copyrights, software, licences, protocols and procedures; forming strategic partnerships; and being an empowerment partner of choice</p>	 <p>SOCIAL AND RELATIONSHIP CAPITAL</p> <p>Attaining this capital through effective stakeholder engagement initiatives and being leaders in transformation and social responsibility</p>	 <p>NATURAL CAPITAL</p> <p>Responsibly using natural resources, putting effective environment management systems and long-term goals in place to reduce carbon emissions and water and electricity usage</p>

OUTCOMES FOR OUR STAKEHOLDERS

The Board and executive management → evaluated risks → assessed the impact on our material matters → and evaluated the impact on our strategic priorities.

VISION 2020 VISION – continued

OUR INTEGRATED REPORTING MODEL

AEEI's strategy is to create sustainable value for all shareholders and stakeholders and to ensure that the Company remains attractive to investors by optimising shareholder returns. AEEI's sustainable value creation goes beyond short-term profitability and takes into account the broader economic, social and environmental factors.

Our approach to addressing these matters is to prioritise those most important to achieve medium- to long-term sustainable businesses.

We have identified strategic enablers in order for us to execute our business model and achieve sustainable value creation. *(King IV™ – Principle 4)*

SOUND GOVERNANCE

We can only be a sustainable business if we deliver on our promise by promoting good corporate governance, which is an integral part of our business model that is built on delivering good governance outcomes in terms of an ethical culture, effective control, good performance and legitimacy. Our sound governance platform is embedded in our corporate culture. *(King IV™ – Principle 6)*

DEVELOPMENT OF PEOPLE

Together with financial capital, our employees are our single most important resource. It is important for AEEI to attract and retain the right calibre of people, to keep them motivated in a safe, supportive working environment and remunerate them accordingly. In doing so, AEEI continued with training and development during the year and ensured that employee development plans are in place for the retention of employees.

The AEEI Group continued to instil a culture of excellence and opportunity for all employees. *(King IV™ – Principle 14)*

SOCIETY

In order to remain sustainable as a business, we contributed towards social and economic development and developing partnerships that enhanced our long-term viability in a stable and growing economy.

In order to create an enabling environment and develop and enhance markets for our products, we were proactive and responsive to our stakeholders' interests and ensured that we implemented best practices when it came to responsible investing. Our aim is to invest in businesses that have a sustainable approach to doing business.

(King IV™ – Principle 3)

ENVIRONMENT

AEEI and its various business units in which it operates are not considered to make a particularly heavy demand on the natural environment. However, businesses in the AEEI Group are committed to being industry leaders and added value to the services they provided by implementing sustainable business practices that minimise the impact that their operations have on the environment. Environmental commitments are an integral part of their day-to-day activities.

AEEI has a very low direct impact on the environment, but we are affected by the environment in which we operate and by the effect that climate change in general has on our business. We commit our businesses to a journey of responsible environment stewardship. We acknowledge that a stable economy and a sustainable business require a sustainable environment. Our fishing and brands division works closely with the relevant authorities to safeguard various fish species and pays careful attention to the environmental impact of its operations.

(King IV™ – Principle 3)

OUR FUTURE OUTLOOK AND PRIORITIES FOR 2018

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Execute our strategic agenda in line with our Vision 2020 Vision • Increase revenue and operating profit • Drive organic growth • Focus on pursuing selective acquisitions • Maintain a strong stakeholder focus • Further expand into new markets outside South Africa and the African continent and grow our business through greater collaboration with strategic partners | <ul style="list-style-type: none"> • Drive greater strategic alignment between our businesses for greater operational coordination • Leverage the Group's combined power to further achieve efficiencies and growth • Increase efforts to share skills and experience between our businesses • Continue to promote responsible business practices and governance throughout the Group | <ul style="list-style-type: none"> • Continue building a culture of excellence, of which our employees are proud to be part • Further build brand awareness • Practice responsible environmental management by helping to monitor, manage and reduce our direct and indirect environmental impact • Through our business initiatives, social development programmes and innovative leadership, narrow the gap between the rich and poor |
|--|---|---|

OUR KEY STAKEHOLDER ENGAGEMENT AND RELATIONS

AEEI places great value on the high standards of ethics, communication, transparency of information in terms of the Promotion of Access to Information Act, 2000 (No. 2 of 2000) (Promotion of Access to Information Act), regulatory and other directives relating to the dissemination of information.

The Company has identified stakeholder groups with whom it engages in a structured manner. Refer to key stakeholders on page 85 for full details.

AEEI appreciates the role of its stakeholders and remains committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. The Group recognises that its businesses are one of the stakeholders in the

socioeconomic and environmental system. It is essential for the Group to compete successfully in an increasingly complex and ever-changing business environment and to systematically bring about the change needed for sustainable development. We built and maintained trust and respect with our various stakeholders, thus ensuring a positive impact on our reputation.

We addressed essential risks and opportunities and responded timeously and appropriately to issues raised in our interactions with our various stakeholders.

(King IV™ – Principle 16)

OUR VALUE ADD

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased. Refer to our value-added statement on page 84 for full details.

VISION 2020 VISION – continued

MATERIALITY ASPECTS AND OUR RESPONSE TO STAKEHOLDERS' INTEREST

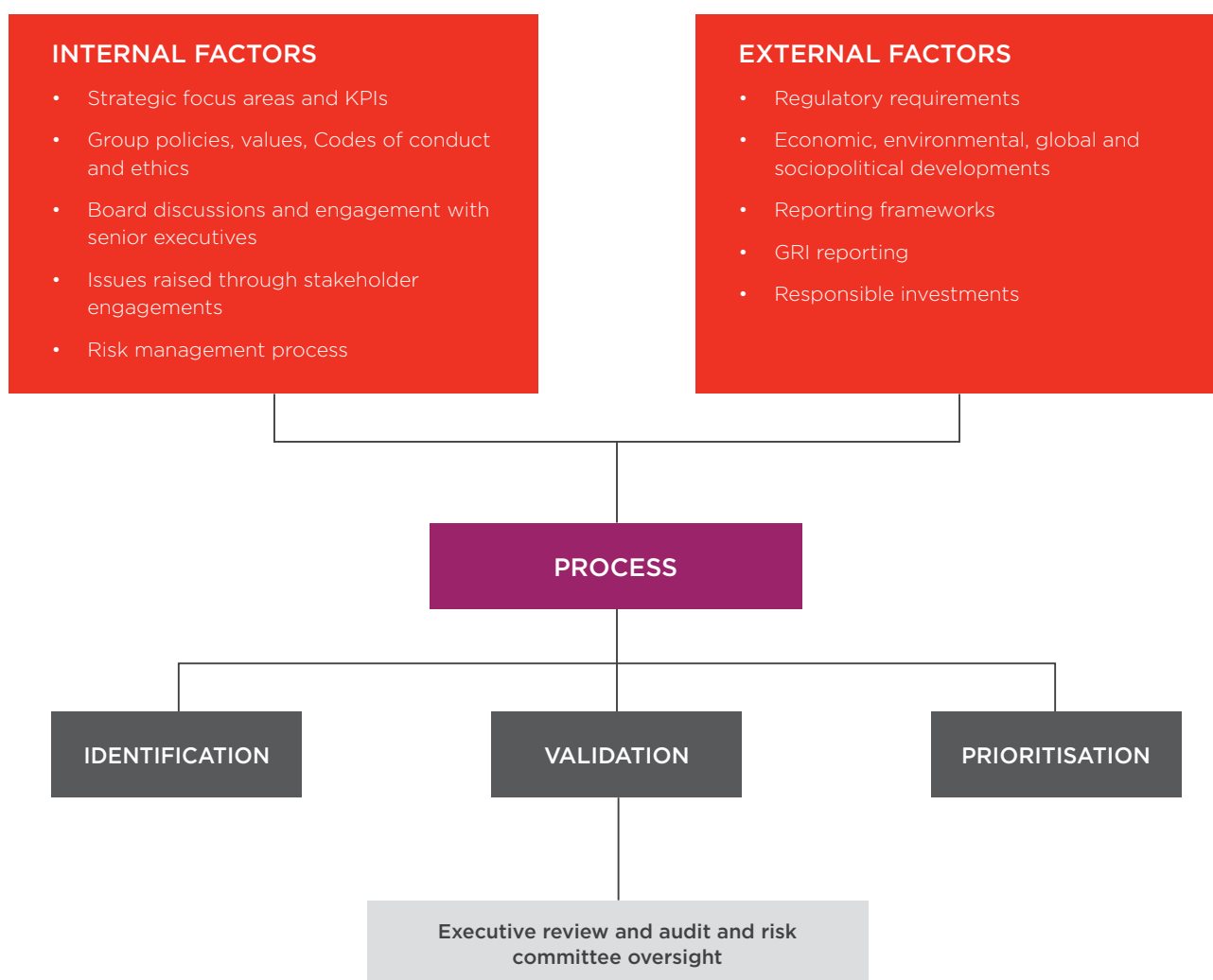
OUR MATERIAL ISSUES

The AEEI Group focused its reporting on sustainable development and those directly affecting the Group's ability to create value, as well as the Group's impacts and responses to the expectations of its stakeholders.

AEEI's material matters are those challenges and opportunities that could substantively affect the Group's ability to create value over the short, medium and long-term sustainably or impact our stakeholders.

We identified our material matters in terms of relevance from the risk assessment process. This process includes uncertain events with a potential negative effect on the Group i.e. opportunities not being captured or not materialising. It also takes into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of the Board's governance role and responsibilities and in the best interests of the Group.

DEFINING OUR MATERIAL THEMES



Through a formal process by each Board committee including executives in the Group, material matters were identified in terms of relevance. These material matters were approved by the AEEI Board. The process takes into account the issues raised, their relevance, our strategic component, the stakeholders, our governance structure and where further information can be found in the integrated report.

The following material matters were identified:



MATERIAL MATTER: FINANCIAL

MATTERS

- Responsible use of capital generated
- Asset efficiency
- Growth of businesses through strategic investments
- Shareholder returns
- Listed our fishing and brands division

RELEVANCE

- AEEI requires long-term shareholders that understand our businesses and support our strategy
- Execution of our Vision 2020 Vision requires the successful integration of our acquisition and strategic investments

STRATEGY COMPONENT

- Double revenue
- Increase operating profit, cash flow and assets
- Listing of IT business
- Create medium- to long-term shareholder value
- Maximise growth and income sustainably
- Cost containment

STAKEHOLDERS

- Shareholders
- Providers of capital
- Strategic partners

GOVERNANCE STRUCTURE

- Board
- Executive committee
- Investment committee
- Audit and risk committee

REPORT SECTION

- Chairman's report
- CEO's report
- CFO's report
- Strategy
- Vision 2020 Vision

COMBINED ASSURANCE:

Operational reviews, risk management, audit and risk committee and internal and external assurance of financial information

VISION 2020 VISION – continued



MATERIAL MATTER: HUMAN CAPITAL

MATTERS

- Employee recruitment and retention of key skills
- Training and development of employees
- Employee health and safety
- Remuneration and staff recognition
- Employee job satisfaction and diversity
- Maintain zero fatalities
- Diversity and cultural transformation
- Labour productivity and efficiency
- Labour costs
- Management retention and succession

RELEVANCE

- Human capital is a key input in the Group's cost efficiency and competitiveness
- Succession plans for senior executives and management are managed
- Retention of key skills
- Diverse human capital

STRATEGY COMPONENT

- Create employment and opportunities for employee growth
- Create a Company that leads in both profits and sustainable business practices
- Develop the human capital strategy, key relationships and monitors progress against KPIs and targets

STAKEHOLDERS

- Shareholders
- Customers (existing and potential)
- Suppliers
- Government
- Employees and trade unions
- Regulatory bodies
- Industry bodies
- Consultants
- Service providers

GOVERNANCE STRUCTURE

- Board
- Remuneration committee
- Executive committee

REPORT SECTION

- Remuneration
- Human capital

COMBINED ASSURANCE:

Regular management review, policies and procedures and remuneration committee function





MATERIAL MATTER: BUSINESS OPERATIONS

MATTERS

- Capital investment in our businesses
- Quality products and services
- Provide and maintain high-quality infrastructures
- Stimulate economic growth through investing in small business development
- Risk and capital requirements

RELEVANCE

- The AEEI Group's strategy is to minimise risk through diversification, best practice manufacturing processes and managing customer relationships
- Exchange rate volatility may have an impact on business performance
- The uncontrollable costs of diesel and electricity
- Labour strikes and salary demands
- Interruptions to operations due to natural disasters
- Cybersecurity

STRATEGY COMPONENT

- Develop strategy
- Monitor and execute strategies
- Balance in the business
- Focus on costs
- Grow and secure product range and market share
- Launch new products and services
- Stimulate growth with SMMEs

STAKEHOLDERS

- Shareholders
- Customers
- Government
- Employees
- Trade unions

GOVERNANCE STRUCTURE

- Board and executive committee
- Investment committee
- Audit and risk committee

REPORT SECTION

- CEO's report
- Vision 2020 Vision
- CFO's report
- Responsible investments

COMBINED ASSURANCE:

Operational reviews, investment committee and audit and risk committee function



VISION 2020 VISION – continued



MATERIAL MATTER: MACROECONOMIC

MATTERS

- Shareholder satisfaction
- Return on investment
- Alternative technologies
- Competitors
- Socioeconomic stability in key markets

RELEVANCE

- The Group's strategy is to minimise risk through its diverse portfolio
- Strategic investments
- Changes in the economic landscape
- Not achieving investment targets
- Failure to innovate in areas critical to our clients

STRATEGY COMPONENT

- Diverse portfolio of investments
- Strategic investments
- Organic growth of portfolio
- Growth by acquisition
- Listed the fishing and brands division
- List technology division
- List biotechnology division
- Increase business into other sectors
- Further expansion into Africa

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

- Board
- Executive management
- Investment committee
- Audit and risk committee

REPORT SECTION

- CEO's report
- Vision 2020 Vision
- Responsible investment

COMBINED ASSURANCE:

Operational reviews, investment committee and audit and risk committee function





MATERIAL MATTER: NATURAL CAPITAL - THE ENVIRONMENT

MATTERS

- Energy consumption
- Water usage
- Carbon footprint
- Environmental impact
- Environmentally friendly products

RELEVANCE

- Our aim is to ensure that we actively manage our impact on the environment through an effective environmental management system for waste, water and electricity management

STRATEGY COMPONENT

- Capital has been allocated to address the Group's long-term goals
- Create a Company that leads in both profits and sustainable business practices
- Reduce the negative impact on the environment
- Green energy alternatives
- Produce environmentally friendly products

STAKEHOLDERS

- Shareholders
- Customers (existing and potential)
- Suppliers
- Government
- Employees and trade unions
- Regulatory bodies
- Industry bodies
- Consultants
- Service providers

GOVERNANCE STRUCTURE

- Board and executive committees monitor continuous progress against targets

REPORT SECTION

- CEO's report
- Environmental sustainability (responsible investments)

COMBINED ASSURANCE:

Management review, audit and risk committee function, internal audit, policies and procedures



VISION 2020 VISION – continued



MATERIAL MATTER: SOCIAL AND RELATIONSHIP

MATTERS

- Compliance with laws and regulations
- Ethical and transparent leadership
- Governance
- B-BBEE
- Transformation
- Social community and economic development
- Collaborative stakeholder engagement
- Corporate social investment
- Support independent SMMEs

RELEVANCE

- AEEI's business depends on close relationships with key stakeholders
- Government is an important industry stakeholder for most of our businesses
- Incentive programmes

STRATEGY COMPONENT

- Compliance with laws and regulations governing our diverse business portfolio, as some business units depend on this
- Adhering to ethical standards and avoiding corruption
- Adhering to good corporate governance in the Group
- Maintaining Level 1 B-BBEE accreditation
- Meeting transformation targets
- Creating value through social investment
- Promoting social and economic development by assisting SMMEs
- Effective risk management and compliance

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

- Board
- Executive management
- Social and ethics committee
- Transformation committee

REPORT SECTION

- CEO's report
- Corporate governance report
- Risk management report
- Social and ethics committee report
- Transformation committee report
- Sustainability report

COMBINED ASSURANCE:

Management review, policies and procedures, social and ethics committee and transformation committee

(King IV™ – Principle 4)



For more information refer to the sustainability report on page 122.

PERFORMANCE AND FUTURE **OUTLOOK**

50 **NON-EXECUTIVE CHAIRMAN'S REPORT**

51 Our performance

51 Vision 2020 Vision

51 Transformation at AEEI

52 Our employees

52 Sustainability at AEEI

52 Governance at AEEI

52 Sincere appreciation

54 **CHIEF EXECUTIVE OFFICER'S REPORT**

54 Seeing our Vision 2020 Vision
in action

55 Seeing clearly – Our Vision 2020
Vision overview

55 External affirmation

56 By the numbers

56 Review of our investments

57 Sale of businesses

58 Future focused

58 Sincere appreciation

60 **CHIEF FINANCIAL OFFICER'S REPORT**

60 Key financial highlights

61 Overview of the 2017
financial year

62 Group financial performance

63 Group financial position

64 Cash flows

64 Material matters that affect
our performance

65 External factors that impact
the Group's performance

66 Shareholder returns

66 Looking ahead

66 Appreciation

66 Conclusion

INDEPENDENT NON-EXECUTIVE CHAIRMAN'S REPORT

African Equity
Empowerment
Investments Limited
is well positioned for
further growth.



Reverend Dr Vukile Charles Mehana
Non-executive chairman



DEAR SHAREHOLDER

It has been another milestone year in the history of African Equity Empowerment Investments Limited (AEEI). AEEI has flourished over this past financial year by surpassing its goals for the year, receiving recognition and acknowledgement for its leadership style and management control, maintaining its B-BBEE status, improving its financial performance, practising good corporate governance and by upholding its reporting structures.

I must admit that our operating environment has been exceptionally tough this year. However, I will err on the side of optimism by predicting that the impact of the economic downturn, the irregular weather patterns as well as the societal and political volatility in South Africa will reach an even keel over the next year or two.

I believe that one's team takes its lead from the top and that by being optimistic, one is able to act as a guide through stormy situations and have the utmost confidence that there will be an upturn in the near future.

OUR PERFORMANCE

AEEI's resilience amid uncertainty stands testament to its value system and work ethic that has stood the test of time for 18 years. Upon reflection of the past year, I would like to highlight the following:

- The Group delivered excellent results for the financial year ended 31 August 2017 as a result of strong contributions from all its underlying operations and strategic investments for the year. The consistent increase in earnings and asset growth during these turbulent times demonstrates just how resilient and flexible our business model is.
- AEEI received acknowledgement from its peers for its BEE rating, good corporate governance and reporting, as well as for its financial performance.
- The Group's CEO, Khalid Abdulla, was acknowledged for his leadership skills and management style through various awards.
- Premier Fishing and Brands Ltd listed successfully on the main board of the JSE.
- AEEI acquired equity in three companies, which will facilitate sustainability and growth in the short to long term.
- The listing of the technology division AYO Technology Solutions Ltd, formerly known as Sekunjalo Technology Solutions Ltd, is imminent.

VISION 2020 VISION

A key feature of our 2017 financial year is the significant progress we have made in executing our Vision 2020 Vision strategy, which is to become the leading diversified company that creates superior stakeholder value and empowers people through profits and performance.

Our 2017 performance demonstrates how successfully the broader Group rallied together to drive continuous optimisation and efficiency in our operations, while growing sustainable cash flow and value for our stakeholders.

Our Vision 2020 Vision strategy is underpinned by our diverse portfolio and is reflected in our results. This growth strategy has laid a strong foundation for the next phase of the Group's evolution.

We now have a more diversified portfolio that reduces risk exposure while securing access to distribution channels both nationally and internationally and creates further value for our stakeholders.

TRANSFORMATION AT AEEI

Diversity and inclusion at all levels of the business are essential to the sustainability of AEEI.

I am delighted to mention that we continue to maintain our focus on B-BBEE and transformation in accordance with the new codes.

During the year, we renewed our focus on developing critical skills and leadership capabilities as key enablers of building a resilient organisation for the future. We continued to invest in study and learning programmes, which include leadership, career and succession development plans.

In order to secure a pipeline of future experienced talent, we invested significantly in skills development and training, which ranged from basic literacy and health and safety training to upskilling our professionals to remain on the top of their game.

INDEPENDENT NON-EXECUTIVE CHAIRMAN'S REPORT – continued

The empowerment of women remains a major focus area and our skills development programmes are designed to secure the critical and scarce skills required to operate our divisions and deliver on our long-term growth ambitions.

I am proud to announce that we are continually increasing the number of women employed throughout our Group – not only at the Group's foundation, but also in executive positions. On another transformation-related note, we recognise that it is imperative to continue with the adequate upskilling of our people and communities through skills development and training programmes.


AEEI's culture is underpinned by our values, which are essential to support us in achieving our goals and transformation aspirations. To this end, we will continue to further embed the behaviours that support our transformation objectives in all of our divisions.

OUR EMPLOYEES

Our employees are fundamental to the success of the Group and I have to acknowledge that it is because of the resilience and diligence of our values-driven, high-performing employees that we are able to create value for all our stakeholders.

SUSTAINABILITY AT AEEI

At AEEI, we are cognisant of our material sustainability focus areas and their impact on our stakeholders.

 Read page 122 for in-depth details of these focus areas.

Stakeholder engagement at AEEI is supported by transparent and effective communication, mutually beneficial outcomes where possible, as well as inclusiveness and integrity. We participate in initiatives that inform and affirm a best practice approach in the areas of sustainability and social impact. We actively engage with our stakeholders so that the best possible outcomes may be achieved.

GOVERNANCE AT AEEI

The Board strives to ensure that AEEI is governed effectively, with integrity and in accordance with sound corporate governance practices. Read more about this on page 69.

The Group's policies, practices and charters are updated regularly to remain compliant with the relevant laws, rules, regulations, codes and standards that include, but not limited to the JSE Listings Requirements. We have also embraced the inclusion of King IV™ in all applicable areas. More information can be found on page 69.

SINCERE APPRECIATION

It is with sincere appreciation that I thank all of our shareholders for their unwavering support of and confidence in me as the non-executive chairman of the Board. Not only do they have confidence in me, but they also believe in the efficacy of the leadership teams that have remained steadfast in their implementation of our growth strategy and value creation.

I would like to recognise the support and contribution of my fellow Board colleagues who have willingly and without prejudice, contributed their collective skills and experience during the year.

Hearty congratulations are owing to Khalid Abdulla who received several accolades in recognition of his leadership, skills and insight as well as his commitment to realising the potential of our Group. A special word of thanks goes to the executive management teams and all our employees in the Group without whom we could not have achieved such positive growth.

I look forward to chairing the Board throughout AEEI's next exciting growth phase.

Dankie baie.



Reverend Dr Vukile Charles Mehana

Independent non-executive chairman

“Greater transparency is an unstoppable force. It is the product of growing demands from everybody with an interest in any corporation – its stakeholder web – and of rapid technological change, above all the spread of the Internet, that makes it far easier for firms to supply information, and harder for them to keep secrets. Firms now know that their internal e-mails may one day become public knowledge, for instance, and many big companies must co-exist with independent websites where employees can meet anonymously to air their grievances. With greater transparency will come greater accountability and better corporate behaviour. Rather than engage in futile resistance to it, firms should actively embrace transparency and rethink their values and generally get in better shape.”

Don Tapscott, co-author *The Naked Corporation*

CHIEF EXECUTIVE OFFICER'S REPORT

If our people share in our vision for prosperity, we all profit from the outcome. Putting people first at AEEI is driving us forward to not only sustain Company output but is leading the way in how business of the future will be conducted.



Khalid Abdulla | Chief executive officer



SEEING OUR VISION 2020 VISION IN ACTION

The 2017 financial year has been one characterised by economic challenges, political volatility and social unrest. Many of us have experienced some of these “interesting times” first hand. The aforementioned notwithstanding, it has also been a year of great advances – for social innovation, business and the development of new technologies that will in time, underpin the functioning of everything we need to live and work. This also necessitates the rapid changes in the way we do business.

Looking back, AEEI had its fair share of challenges as we entered a period of global economic austerity, but we also rose to the challenge more than comfortably and delivered outstanding results yet again. This is, in many ways, thanks to the exceptional teams that we work with across the Group. We are a Company founded on the principle of putting our people first. This approach is yielding great benefits in the marketplace, in our business, for our shareholders and in our communities. It therefore seems fitting that I begin my report by acknowledging each and every one of you and thanking you for your concerted efforts to ensure that AEEI continues to grow in strength and stature.

AEEI is a business built on excellence and everything we do is by design rather than per chance. Our values and our Vision 2020 Vision strategy determine our actions and our goals. Our guiding principle of custodianship requires that we integrate social, governance and environmental priorities alongside the financial performance of the Group.

I am pleased to announce that we have exceeded our growth targets for the financial year as we continue to create value for all our stakeholders by focusing on our set strategic objectives. More details on our Vision 2020 Vision are provided on page 34.

AEEI, which is now in its 18th year as a JSE-listed company, yielded excellent results for the 2017 financial year. The AEEI brand is gaining influence in the market place and is becoming synonymous with the conception of an exciting and innovative company that is growing consistently.

Our primary goal is to become sustainable in every aspect of the business – after identifying the factors that will leverage future growth, formulating and implementing the plans and then checking back in, on a regular basis, to confirm that we are on track with our Vision 2020 Vision strategy. The year 2020 is but three years away and I am happy to report that we are progressing ahead of schedule. This is due to our interpretation of constantly changing market indicators and trends and our ability to be nimble in adapting our strategies where needed. This is not an easy task, but it is something the Group accomplishes with professional enthusiasm. We are holding our course, due to our employees and the systems we have in place.

Once again, AEEI is able to present a strong and improved balance sheet on account of a number of critical

achievements, including value-creating acquisitions, and separately listing our fishing and brands division. This contributed to the effective management of the Company's balance sheet to fund further growth plans and enhance shareholder value. The in-depth financial results are published in the chief financial officer (CFO)'s report from page 60.

SEEING CLEARLY – OUR VISION 2020 VISION OVERVIEW

Previously, I promised to focus on our Vision 2020 Vision strategy and the future orientation of the Company. I believe that we have now provided a clear roadmap to our stakeholders of how we see the Group progressing in the years to come and how we will generate long-term value creation for all our stakeholders.

Our approach, energy and willingness to adapt where we need to, bodes well for ensuring the Group's future sustainability and excellent financial performance.

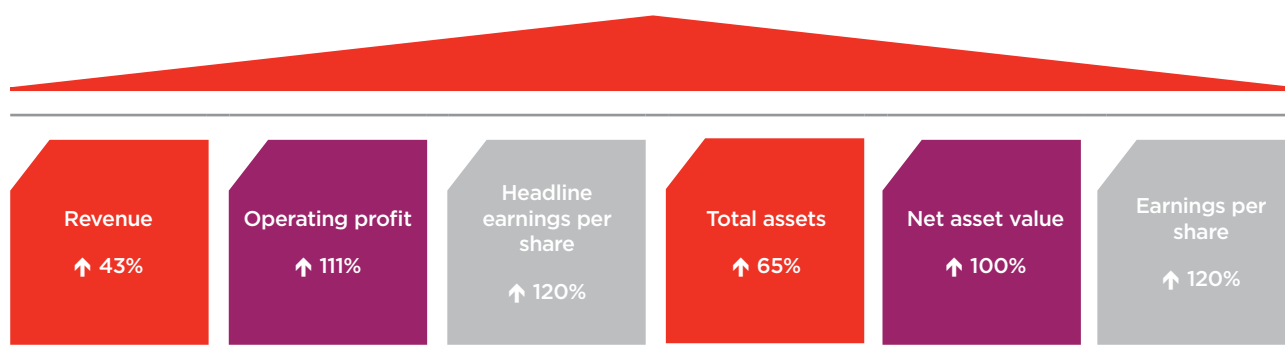
EXTERNAL AFFIRMATION

In terms of recognition, it has been a bumper year of awards, details of which can be seen on page 14. We would not have achieved anything without teamwork – I encourage you to read about our accomplishments, bearing in mind that everyone in the organisation contributed to our collective achievements.

However, one thing we cannot afford to do is to become complacent. As wonderful and as gratifying as it is to receive acknowledgment for our efforts towards positively transforming the South African business landscape and consistently delivering excellent results for our stakeholders, there is still more to achieve. As a reminder of what sets us apart from our competitors and why we consistently achieve recognition, refer to page 13.

AEEI is known to be a Group that is innovative in its thinking and pushes beyond entrenched practices to advance progress on all levels. Furthermore, our communication and ongoing engagement with associates, employees, government, labour unions, our sponsors, partners, shareholders and other business leaders is geared to promoting economic inclusivity and optimal growth for all parties concerned. Here, our contribution to the 2030 National Development Plan is of significance – it has been plotted as part of our projected “business as usual” practices and will begin to filter through to all of our business units through our strategy.

CHIEF EXECUTIVE OFFICER'S REPORT – continued



BY THE NUMBERS

It is indeed the case that the country as well as the global markets have faced an economic downturn; however, AEEI has remained positive and focused on delivering sustainable, positive stakeholder value with single minded determination. This was achieved through a combination of sound decisions that include cash-generating business deals, prudent control of working capital and the containment of expenditure, without compromising investment safety and risk management-related items, all of which are non-negotiable.

I am delighted to advise that the Group remains on a positive trajectory. The Group delivered excellent revenue, operating profit and asset growth due to the strong contributions from all its underlying operations and investments for the year under review. The consistent increase in earnings and asset growth during the ongoing economic volatility, low investor and consumer confidence, as well as the rating downgrade demonstrates the efficiency and effectiveness of our business model in challenging market conditions.

AEEI has been successful in that the Group's revenue, operating profit, earnings, profit before tax, asset base and net asset value all increased significantly for the financial year.

As a result of the solid financial performance of the underlying businesses, net cash generated from operating activities increased substantially over the past few years. More detail in this regard can be found in the CFO's report.

REVIEW OF OUR INVESTMENTS

GROUP PROFILE

The Group as a whole performed very well showing growth in all our key performance indicators due to strong contributions from all of our underlying operations and investments.

The Group's revenue increased by a significant 43% from R736m in 2016 to R1 052m in 2017, the operating profit

increased by 111% from R310m in 2016 to R655m in 2017, while our asset growth rose by 65% from R1,76bn in 2016 to R2,8bn in 2017.

These financial indicators are all very significant achievements setting new records for the Group and raising the bar for further growth in the future.

FISHING AND BRANDS DIVISION

We successfully listed our fishing and brands division separately on the JSE. In the listing process, the Company raised R526m and achieved a market capitalisation of approximately R1,2bn on listing date.

Premier Fishing and Brands Ltd (Premier) delivered a consistent and satisfactory set of results for the year with operating profit increasing to R77m.

Premier's revenue and product basket is further diversified through customer geographies in the USA, Europe and the Far East, which we believe mitigates various economic and global risks.

The overall improved catch rates, greater sales volumes, better pricing and efficient vessel management all contributed to their more than satisfactory financial performance during the year.

The abalone farm expansion plans are all on track and are expected to be completed by 2020 with full production increasing to over 300 tons.

Premier announced in October 2017 that it concluded a binding heads of agreement with Talhado Fishing Enterprises (Pty) Ltd, the largest squid company in South Africa, to acquire a 50.01% equity interest in their company. This acquisition will further complement its overall diversification strategy and enhance its product range.

TECHNOLOGY DIVISION

A sizeable percentage of AEEI's value now resides in our technology division. This is evident in the results of our operating profits and is an indication of how our

ambition to realise the goals and objectives we set out in our Vision 2020 Vision strategy are coming to fruition. The technology division has over the past five years, shown consistent year-on-year growth and has delivered strong operating profits for the 2017 financial year once again.

The division delivered on its acquisition strategy by acquiring two information technology (IT) companies to bolster its product portfolio, which resulted in existing revenues and operating profits increasing by a substantial 182% and 141% respectively. This result includes the R570m telecommunications segment, which has now been reflected as part of the technology division. This produced the necessary economies of scale required to meet its Vision 2020 Vision strategy in relation to the potential listing of the division in the short to medium term.

The diversification in the various technology businesses complements its existing portfolio and will enhance its future offerings to its broader customer base.

During the period under review, the Group gained significant influence over its fully paid-up investments in BT Communication Services South Africa (Pty) Ltd (BT). This resulted in the technology division recognising the investment previously held as an investment at fair value through profit as an associate.

A major constituent of the division underwent a name change during this financial reporting period – Sekunjalo Technology Solutions Ltd was renamed to AYO Technology Solutions Ltd (AYO Technology), with “AYO” meaning “joy and happiness”.

More importantly, the Board approved a proposal to list the above-mentioned subsidiary, AYO Technology on the main board of the JSE, subject to market conditions.

HEALTH AND BEAUTY DIVISION

The health and beauty division increased revenue by 252% from R4,2m to R14,8m through increasing its footprint to regions less affected by drought and by acquiring a 90% equity interest in Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics). Orleans Cosmetics is the exclusive South and Southern African distributor of imported, high-end cosmetic brands such as Gatineau, NUXE, RVB SKINLAB/diego dalla palma professional and Sothys.

BIOTECHNOLOGY

Genius Biotherapeutics (Genius), South Africa and Africa's largest medical biotechnology company, continues with its research and development activities.

Genius' management focused their plans on updating all regulatory work by employing the necessary human resources required to meet Medicines Control Council (MCC) compliance standards for the production of Repotin.

EVENTS AND TOURISM DIVISION

espAfrika continues to generate strong bottom-line growth. This has been achieved through rationalising business and streamlining processes over the past three years. The entertainment sector is evolving to appeal to a clientele looking for more experience-based events and espAfrika is positioning itself accordingly, with new Company-owned initiatives as well as a number of planned joint venture projects coming on the market in the short to medium-term.

espAfrika hosted another very successful 18th Cape Town International Jazz Festival post interim period. In 2016 espAfrika launched its own second annual event called “The Royal Escape” at Sun City and this was held again in July 2017.

The radio station Magic 828, which has been in existence for 24 months, contributed to the gross revenue for the period. The station increased their listenership by 155% in the greater Western Cape region from 134 000 to 342 000.

Tripos' growth in its inbound and outbound travel volumes improved as expected, which is in-line with the Group's strategy.

STRATEGIC INVESTMENTS

AEEI has minority equity stakes in Saab, Sygnia and Pioneer Foods and these investments have demonstrated an improvement in value since the date of the respective acquisitions.

Consistent growth in earnings and regular dividends were received from all the strategic investments. During the current year, AEEI purchased additional shares in Sygnia as a result of a rights issue, which resulted in the Group obtaining an additional 0.867% and now own 1.735% of the company.

SALE OF BUSINESS

During the current year, the Group disposed of the going concern in Saratoga Software (Pty) Ltd (Saratoga). Total net assets of R13,3m were sold, R4,6m of which was in relation to goodwill. The consideration receivable amounted to R19,4m, which resulted in a profit on disposal of R6,1m reflected in the statement of profit and loss and other comprehensive income.

CHIEF EXECUTIVE OFFICER'S REPORT – continued

FUTURE FOCUSED

The Group will continue with its strategic focus on growing the value of its core operational investments and improving the value-add to its strategic investments.

AEEI has built a solid platform for further organic growth and has positioned itself well to increase its investments by acquisition. Management is focused on its five-year strategic plan – Vision 2020 Vision – and has reinforced its overall acquisition pipeline and especially for its fishing and brands and technology divisions.

I had the pleasure of attending the World Economic Forum on Africa in Durban earlier this year. While it was an excellent opportunity to network with world thought leaders, to share and to learn from best practices, it is also the forum from which to gain insight into future trends. As I have already mentioned, technology and innovation will play an increasingly important role in business and consumer-related activities. There is much talk about the dawning of the 4th Industrial Revolution in which man and machine (mostly virtual) would merge. In fact, it is already here and AEEI is preparing for this evolution in a number of ways.

As an addition to AEEI's growth aspirations, a Group-wide innovation drive was initiated with our Vision 2020 Vision strategy. Innovation projects have been designed to improve the overall quality of earnings, while accelerating and enhancing our existing business and potentially diversifying the portfolio further, even as we take into account our transformation philosophy through B-BBEE, supplier and enterprise development responsibilities.

In the global innovation landscape, tomorrow's to-do list has already been realised with a click of a button. In the new "app economy", Millennials have made way for "Generation Z" – those individuals who were born in the digital era from 1995 – who are fast becoming the largest percentage of stakeholders and clientele worldwide.

While the latest app, cellular telephone, gadget, cloud and everything in-between is simplifying some aspects of our daily lives, digital and other technology is also enabling nefarious cyber activity. This has prompted us to install and upgrade stringent security measures to safeguard our online assets, intellectual property and information. Other future developments for the Group will include further acquisitions and diversification as we continue to expand our sphere of operations across Africa and embrace some

direct consumer-focused brands to further diversify our holdings and safeguard the growing e-commerce trend, among others. All in all, it is shaping up to be an extremely exciting period for AEEI.

SINCERE APPRECIATION

This past financial year has been exceptional on many levels – the Company's performance, both on a quantitative as well as a qualitative basis has been remarkable and we have been acknowledged with a number of high-level prestigious awards by our peers and industry.

In addition to the Company's awards mentioned in the chairman's report, I am honoured, but also delighted, yet humbly so, to share the following awards with you, as they come as a result of all our collective efforts.

This year I was honoured with the Top CEO Africa Award for South Africa by the CEO Today Africa Awards magazine – a publication that recognises and celebrates outstanding leadership, superb strategic thinking and entrepreneurial spirit.

I received both the Business Leader of the Year – Southern Africa 2017 award at the 7th All Africa Business Leaders Awards in partnership with CNBC Africa and South Africa's Most Empowered Business Leader of the Year 2017 at the Oliver Empowerment Awards. In addition to this, I was lauded as SA's Future Maker – Driver for Change Award 2017 at the inaugural Vision 2030 Awards and AEEI has also been recognised as a Most Empowered Company by Empowerdex over the many years since its inception.

While some of these awards have my name on it, I acknowledge that it is due to our collective efforts to deliver the results that we have, as a Group. I am truly blessed to be supported by a very talented, highly skilled and hardworking team of employees, partners and associates as well as our visionary shareholders.

These awards all stand as a testament to our commitment to continuing on our path of transformation and building AEEI as a sustainable business – one that can be admired and emulated as much for its ethics and governance as for its financial performance.

Our diversified operational and investment portfolio, expanding footprint, knowledge, skills and continued growth will be harnessed to improve and ensure a sustainable business for years to come.

I started this report by expressing my thanks to all who have shared our vision and helped us deliver on it. I would like to end this report by reminding everyone that investment in human capital is a prerequisite for laying the foundations of great economies. AEEI is successful because of its employees. The country may be entering uncertain times, but if we look to one another, support one another and share our successes as well as our failures and learn from both, as a community, we can achieve what we all dream of – prosperity.

I extend a special thank you and my sincere appreciation to the entire Board of directors and especially our chairman, Reverend Dr Vukile Charles Mehana and deputy chairman Mr Salim Young for their continued guidance and wisdom. I would also like to thank the executive management team, employees, strategic partners and associates for their passion, dedication and unwavering support as they continue contributing to the success of AEEI.

I look forward to the next phase of AEEI's growth trajectory based on our Vision 2020 Vision.

Thank you.

A handwritten signature in black ink, appearing to read 'Khalid Abdulla', with a long horizontal stroke extending to the right.

Khalid Abdulla

Chief executive officer

CHIEF FINANCIAL OFFICER'S REPORT

AEEI delivered exceptional financial results in the 2017 financial year and unlocked shareholder value through listing one of its core investments.



Chantelle Ah Sing | Chief financial officer



KEY FINANCIAL HIGHLIGHTS

REVENUE	OPERATING PROFIT	TOTAL ASSETS	NET ASSET VALUE (NAV)	NET OPERATING CASH FLOW
↑ 43% from R736m to R1 052m	↑ 111% from R310m to R655m	↑ 67% from R1 691m to R2 822m	↑ 39% from R916m to R1 277m	↑ 7% from R75m to R80m

OVERVIEW OF THE 2017 FINANCIAL YEAR

AEEI is pleased to deliver another set of exceptional financial results after the second year of its Vision 2020 Vision. The Group continues to deliver a sterling performance due to:

- earnings growth in its core operations in the technology and health and beauty divisions;
- strong growth and returns in its strategic investments; and
- substantial increases in fair value in an associate company.

Our first strategic priority is to leverage the investment portfolio to drive growth through acquisitions. In doing so, AEEI achieved its objective to increase its diversity and geographic footprint by the acquisition of a health and beauty company and two technology companies which add value and strengthen the growth of the existing portfolio. The above-mentioned reasons positively impacted the Group by increasing the total assets by 67% to R2 822m.

In terms of investment activities, we went further by meeting our strategic objective through the successful listing of Premier Fishing and Brands Ltd and its subsidiaries on the Johannesburg Stock Exchange (JSE) in March 2017 and unlocked its value at R1,1bn.

The second strategic priority for the Group is to maintain gross margins from its underlying operations and keep Group margins within the targeted range of between 30% and 35%. The Group exceeded its margin range from an initial 34% to 38% by improving operational efficiencies through the following:

- lower catch costs and improved pricing
- vessel planning and scheduling
- change in product portfolio
- business mix in the technology and the health and beauty divisions.

Our third strategic priority is to improve social, governance and financial sustainability in our business in order to secure long-term growth and value creation for the Group. Key stakeholder relationships were harnessed through ongoing engagement to improve our governance structure, to uplift communities, to

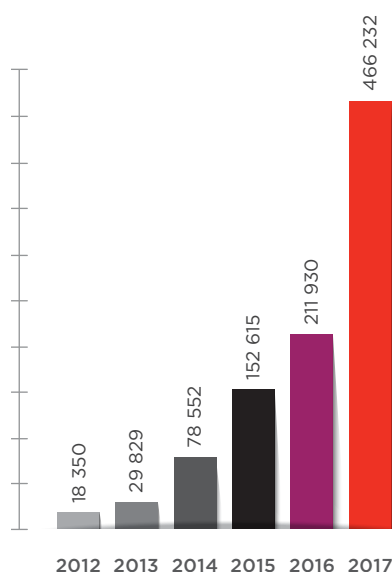
reduce our environmental footprint and to develop our transformation plan. Refer to our stakeholder engagement on page 85 for further details.

We created superior value for our stakeholders through the following achievements:

- Growth in revenue of 43% from R736m to more than R1 052m
- Increase in operating profit of 111% to R655m
- Increase in total assets to over R2,8bn, in line with our strategy
- Increase in net asset value per share from 186,52c to 260,00c per share
- Interim dividend of 2c per share and a final dividend declaration of 5,50c per share

Despite an uncertain political climate and low economic growth in South Africa, the Group performed exceptionally well and operating profit increased from R310m to R655m as a result of the acquisition growth strategy in the technology division and the restructuring of the BT investment to an associate company. Most of the divisions in the Group delivered on their strategic objectives for the 2017 financial year. Refer to page 65 for more details.

HEADLINE EARNINGS R'000



CHIEF FINANCIAL OFFICER'S REPORT – continued

The Group's earnings increased by 120% from R217m to R477m, which was driven by a solid operational performance from an enhanced investment portfolio and an increase in investment value from the Groups' strategic investment portfolio. As a result of these factors, headline earnings per share swelled from 43,13c to 94,89c.

The net asset value of the Group increased from R1bn to R2bn over the year due to the corporate transactions completed and the outstanding financial performance achieved in 2017. Our performance indicator – NAV per share – increased to 260,00c per share, which is a good measure of the strength of our balance sheet.

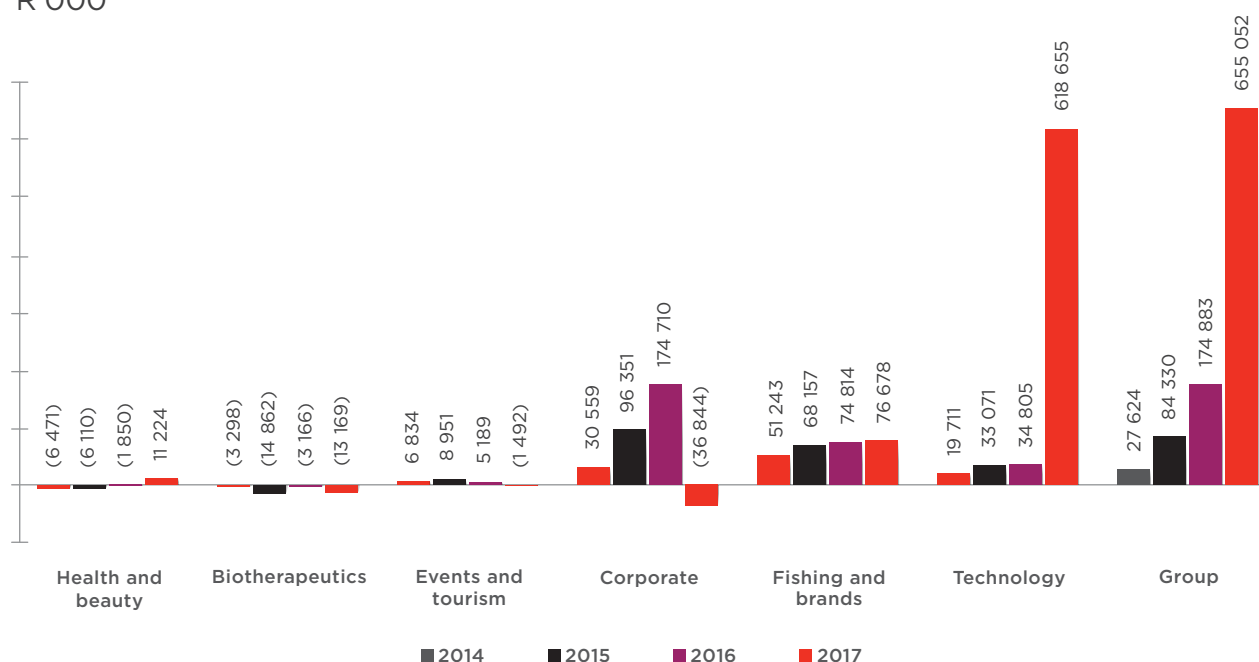
GROUP FINANCIAL PERFORMANCE

AEEL's revenue growth of 43% was bolstered by the R475m revenue contribution from the technology division, which increased by 182% through acquisitive growth. The fishing and brands division increased their revenue steadily to R408m from R401m. The acquisition in the health and cosmetics division increased its revenue from R4,3m to R14,9m.

Operating profit was R655m, which is an increase of 111% over the prior year. All the operational divisions contributed positively to the growth in operating profit for the year, with the exception of the events and tourism and biotherapeutics divisions.

The fishing and brands division produced a consistent operating profit of R77m (2016: R75m) with a 19% operating margin, which was driven by improved catch costs, greater sales volumes and better pricing. The technology division increased its operating profit contribution to R619m (2016: R256m) as a result of the profit included from the two new technology and telecommunication businesses. The health and beauty division achieved R11,2m in operating profit as a result of the contribution from the cosmetics company, in comparison to a prior year loss of R1,8m.

The events and tourism division delivered lower than expected revenue and contributed an operating loss due to a loss of sponsorship income and a lower margin in the travel business under a tough economic climate. The biotherapeutics division continued with its research and development and these activities increased the Group's operating expenses by R4m due to additional costs associated with infrastructure and resources to advance its various projects.

OPERATING PROFIT PER DIVISION
R'000

Operating expenses increased by R128m from R169m to R297m mainly due to a full year's operating costs of R90m for the two newly acquired technology companies, as well as bad debt impairment of R3m, loss on disposal of assets of R2,8m and R3,9m foreign exchange losses, respectively.

The increase in the fair value adjustments of R535m is mainly due to the increased fair value of R605m from the investments in Saab and BT. As part of the restructuring of the technology division, the profit on the disposal of the Saratoga operations of R6m was included in the statement of profit or loss effective 1 July 2017, with further discontinued operations in Emergent Energy which was disposed of 1 September 2017.

Taxation amounted to R155m which included an income tax charge of R41m and deferred tax of R114m. The effective tax rate was 22.77%, mainly as a result of the effects of the capital gains and associate profit from the strategic investments.

GROUP FINANCIAL POSITION

As a result of the change in control, the investment in BT at fair value through profit and loss, previously classified under other financial assets, is treated as an investment in associate from 23 November 2016, with a deemed cost valued at R766m. A significant increase of R190m in current assets from the companies acquired and the increase of cash and cash equivalents of R560m are the major reasons for the increase in total assets.

Cash and cash equivalents increased significantly from R65m to R625m at year-end, which is largely attributable

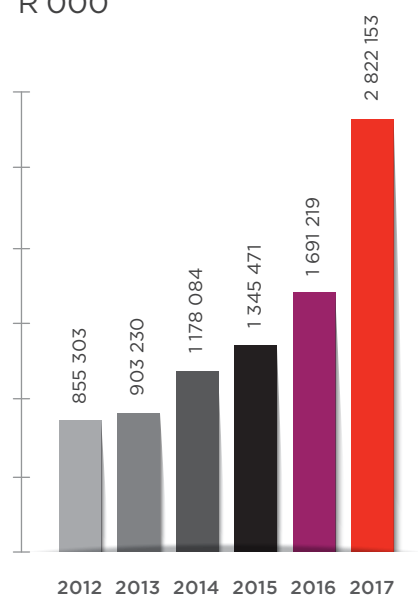
to the additional capital acquired from the listing of Premier Fishing and Brands. Current assets increased by 267% to R967m as a result of acquisitive growth in inventory and current trade and other receivables as well as cash and cash equivalents.

Total liabilities excluding the deferred tax liability increased to R573m (2016: R391m), mainly due to the additional current liabilities of the newly acquired companies, loans to minority shareholders and the outstanding amounts payable for the companies acquired during the current year.

The redeemable cumulative preference share liabilities decreased to R186m (2016: R199m) in the current year through dividend returns paid out by the strategic investments. The Group continually manages its debt commitment and finances its acquisitions through a mix of debt and equity. It decreased the medium gearing ratio to 16% (2016: 23%) with the strategic objective to reduce debt within the risk appetite limits.

The Group's net asset value growth of 39% was driven by the strong financial performance of all the underlying existing investments as well as the impact of the newly acquired assets and liabilities. As a result of the accelerated earnings growth and strong financial position achieved during the year, the return on equity increased from 24% to 37%.

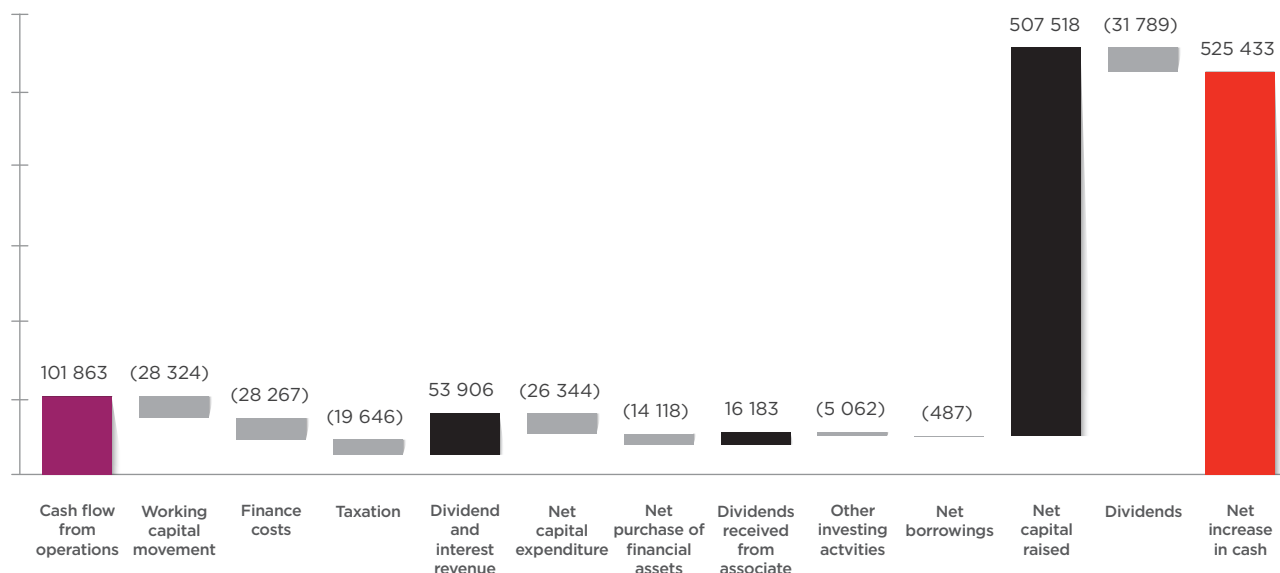
TOTAL ASSETS R'000



CHIEF FINANCIAL OFFICER'S REPORT – continued

CASH FLOWS

The solid operational performance from the underlying operations is reflected in the net cash flows from operating activities, which increased from R75m to R80m at year-end and included additional interest income of R20m and taxation paid of R2m. Cash generated from the operations is R73m – a decrease after a larger investment in working capital, which increased to R28m, was required by the operations. The cash raised from the fishing and brands listing is the major factor for the high balance in cash at year end. The movement in cash flows is depicted in the chart below:

CASH FLOW
R'000

MATERIAL MATTERS THAT AFFECT OUR PERFORMANCE

RESPONSIBLE USE OF CAPITAL GENERATED

The Group incurred R27m (2016: R12m) in capital expenditure which included R21m for existing operations. The fishing and brands division incurred replacement capital of R14m to maintain organic growth in its underlying businesses. The expansion plans of the abalone farm incurred expenditure of R8m in the current year to complete the live packing facility and additional infrastructure development to increase capacity on the farm.

The acquisitive growth strategy is on track in terms of Vision 2020 Vision, taking into account the two new IT companies brought into the technology division and the further bolstering of the health and beauty division through the acquisition of the cosmetics company. The strategy impacted the Group's balance sheet by

increasing its asset base through current assets and an additional R6m in long-term assets from the companies acquired. Asset efficiency ratios and pay-back periods were taken into account when these investment decisions were made and it was assessed that the returns from these investments exceeded the cost of capital.

Capital was used to fund the acquisitions through partial share issue and the cash portion was financed through a term loan and working capital facility. The Group continued to meet its existing debt obligations and strives to maintain a medium gearing of 15% to 25%.

INVESTMENT IN BUSINESS OPERATIONS

The technology division via its health information systems, is further developing its own software to improve the ambulance system with a programme to assess the availability of beds at public hospitals. In the current year, R1,1m was expended to develop this critical service to implement in the Western Cape's government hospitals next year. Further development of the electronic

continuity care record system enabled a second roll-out in October 2016.

Distribution rights valued at R44,8m were acquired through a business combination in the health and beauty division for contracts with four key principals with exclusive brands – Gatineau, NUXE, RVB SKINLAB/diego dalla palma professional and Sothys, as well as the rights to regulate the purchase of Plantronics products for resale in the technology division.

Magic 828 is the fourth largest commercial radio station in listenership in the Western Cape according to an independent survey. After two years on air, the station grew its listenership to more than 340 000 listeners and further working capital was invested to obtain tangible returns in the short to medium term.

Working capital was provided to the biotechnology division to continue with research and development activities by expanding the dendritic cell vaccine project to include pre-clinical trials for extreme drug resistant tuberculosis and the pursuit of MCC approval to commence with Phase 1 clinical trials on breast cancer as well as to improve its Repotin production methodology.

GROWTH THROUGH STRATEGIC INVESTMENTS

The Group's strategic investment in Saab continues to grow in value, delivering strong financial results with sustainable dividends to repay the preference share liabilities. The measure of control over the investment in BT changed to significant influence and is now equity accounted as an investment in associate. Our share of the carrying value of the investment in associate is accounted for at R781m.

The Pioneer Foods Group continued to experience a year of share price volatility. The Group expects a recovery in this investment in the medium to long term and continues to hold this listed investment for the long term. The number of shares in Sygnia increased during the year from 1.19m to 2.68m, by participating in a rights issue increasing our shareholding to 1.735%.

The synergistic benefits between AEEI and its key strategic partners continue to improve and expand the investment portfolio, enabling long-term growth and value creation.

EXTERNAL FACTORS THAT IMPACT THE GROUP'S PERFORMANCE

Factors outside of our control, which include higher fuel prices, volatile exchange rates, increasing electricity prices and changing interest costs, meant that management constantly had to relook at operations and resources within our control.

The Group's cost structure and margins are managed by the executive operational management teams, which are reported on through the governance structures. Key decisions are taken to ensure that the Group's cost structure and margins do not materially affect AEEI's budget expectations or strategic plans.

The volatility of the exchange rates impacted the various businesses both positively and negatively during the year. Operational management responded by improving their operational efficiencies by renegotiating pricing and improving cost structures to reduce the overall impact on their profits. A net foreign exchange loss of R 3,9m (2016: R1,6m) impacted the 2017 financial results.

The current slow economic climate and political instability in the South African economy necessitated that the Group open itself up to exploring opportunities outside of South Africa. The Group continued to invest in parts of Africa in accordance with the strategic plans in our technology division to expand the demand for their product offering.

The adverse weather conditions impacted the number of seaworthy days and catch rates in the fishing and brands division and this led to changing the vessel planning and scheduling. Due to the diversification strategy, operational management were able to mitigate any material effects. The declining demand from the drought-stricken farming areas in the Western Cape negatively impacted revenue and operating profits in the health and beauty division. Management expanded its product offering to other less severely drought-affected farming regions in the Northern and Eastern Cape to counter the effects in the Western Cape.

CHIEF FINANCIAL OFFICER'S REPORT – continued

SHAREHOLDER RETURNS

AEEI returns value to its shareholders in the form of dividends and share price appreciation. The share price traded well with a closing price of 350c and we expect this to increase further as the Group meets its strategic objectives.

We continue to reward our shareholders in line with our earnings growth and accordingly increased our total gross dividend per share to 7,50 cents per share, a 127% increase from the prior year's 3,30 cents per share. The Board declared a final gross dividend of 5,50 cents per share on 7 November 2017.

LOOKING AHEAD

In 2017, the medium-term economic outlook for South Africa remains constrained as growth remains at 0.3% and poor business confidence persists. AEEI's sustainable foundation, which is built on a diversified investment portfolio, cash-generative businesses and an efficient and effective business model, enabled resilience under the current conditions and creates the ability to focus on achieving its Vision 2020 Vision strategy.

AEEI will continue to diversify through acquisitive growth by raising capital through equity markets and/or increasing debt. The Group's balance sheet remains strong with sufficient leverage to enable the financing of further acquisitions.

AEEI's financial objective remains to create superior value for its stakeholders and maintain gross margins within its targeted range by continually improving the cost structure and operating efficiencies, to overcome the external factors that are out of our control.

APPRECIATION

I would like to thank the financial teams across the Group for their diligence, dedication and commitment during a turbulent year. We have come through with determination and integrity to meet the demand of delivering quality financial information to our stakeholders.

We acknowledge the unwavering support and guidance from our Board of directors and executive management teams that levered our efforts to deliver on our Vision 2020 Vision strategy.

CONCLUSION

I am pleased to report that the Group's financial objective – to deliver superior value to our shareholders – was achieved through the delivery of an exceptional set of financial results and a strong balance sheet for the year. We believe that the year ahead will bring deeper fulfilment of the Vision 2020 Vision and build a greater tomorrow for the Group.



Chantelle Ah Sing
Chief financial officer

GREAT LEADERS
DON'T SET OUT TO
BE A LEADER...

THEY SET OUT TO
MAKE A DIFFERENCE.
IT'S NEVER ABOUT
THE ROLE - ALWAYS
ABOUT THE GOAL.

Lisa Haisha

GOVERNANCE AND SUSTAINABILITY

69	CORPORATE GOVERNANCE REPORT
71	Corporate governance structure
72	Our effective leadership
78	Our executive team
84	Value-added statement
85	BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS
93	REPORT OF THE AUDIT AND RISK COMMITTEE

97	RISK MANAGEMENT REPORT
104	TECHNOLOGY AND INFORMATION
107	REMUNERATION COMMITTEE REPORT
114	SOCIAL AND ETHICS COMMITTEE REPORT
116	INVESTMENT COMMITTEE REPORT

118	TRANSFORMATION COMMITTEE REPORT
120	NOMINATION COMMITTEE REPORT
122	SUSTAINABILITY REPORT
134	SOCIAL SUSTAINABILITY

CORPORATE GOVERNANCE REPORT

CREATING VALUE THROUGH SOUND CORPORATE GOVERNANCE

Sound corporate governance and ethics is the foundation of AEEI's business and is pivotal in delivering long-term value to our stakeholders. AEEI has a positive association with all its stakeholders and is committed to the highest standards of ethics and business integrity in all its activities.

OUR GOVERNANCE FRAMEWORK

The Board of AEEI is the principal decision-maker and is supported by various committees and the executive management team. The Board is responsible for the strategic direction of the Group and the Company's governance framework. The governance framework supports the Company's strategic focus areas.

The Board plays a pivotal role in strategy planning and has established clear benchmarks to measure the strategic objectives of the Company. The Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and improve the Company's performance. In carrying out the Company's strategic objectives, the Board is assisted by necessary committees, including the executive committee, with clear terms of reference to assist in discharging its responsibilities. This flows down to the subsidiaries and divisional levels to ensure that the business is provided with a structure within which management can operate.

The main focus of the Group's governance framework is as follows:

- Vision, strategy and performance
- Ethical and responsible leadership
- Finance, including budgets and forecasts
- Corporate citizenship
- Risk management
- Information technology
- Investment
- Products – quality, cost, delivery and competitiveness
- Human capital – health, safety, employee wellness and the environment
- Transformation
- Sustainability
- Stakeholder relations

As AEEI is listed on the JSE, the Company is subject to and has implemented controls to provide reasonable assurance of, compliance with all relevant regulatory requirements in respect of its listing. AEEI has applied all the principles of King IV™. (*King IV™ – Principle 6*)

STATEMENT OF COMMITMENT

The Board is committed to the highest standards of ethics, governance and business integrity and has adopted an integrated approach to managing the Group to ensure that the governance structure actively identifies, communicates on and responds to material matters that impact on the Group's capacity to create value. The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group. The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments, to facilitate effective leadership, to provide sustainable corporate citizenship in support of the Group's strategy and to reflect national and international corporate governance standards, developments and best practices. (*King IV™ – Principle 6*)

The Board is satisfied that effective controls have been implemented and complied with throughout the Group and that the Company fully complies with the spirit and form of the continuing obligations of the JSE Listings Requirements, King IV™ and the Companies Act.

APPLICATION OF AND APPROACH TO KING IV™

Following the launch of King IV™, the Board of AEEI adopted King IV™ during the year under review.

In supporting King IV™, the Board recognises that it is the custodian of corporate governance for the Company and ensured that directors:

- lead ethically and effectively;
- supported an ethical culture;
- set the strategic direction for the Group for the year ahead;
- approved policies and planning; and
- administered and monitored the Group's risks and opportunities, strategy, business model, performance and sustainable development.

The Board ensured compliance with applicable laws, rules, codes and standards in a way that supported the Group in being ethical and a good corporate citizen. It ensured that

CORPORATE GOVERNANCE REPORT – continued

remuneration is fair and transparent and that the integrity of information for decision-making internally and externally was assured. A stakeholder-inclusive approach was applied in the Group to ensure that the needs, interests and expectations of material stakeholders were addressed.

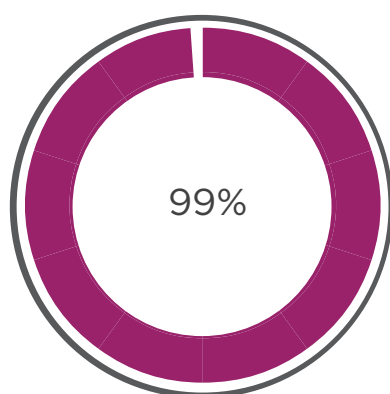


A statement on AEEI's application of the principles of the King IV™ is available on www.aeei.co.za.

AEEI has applied all the principles of King IV™.

KING IV™ REPORT WRITER

COMPLETENESS METER



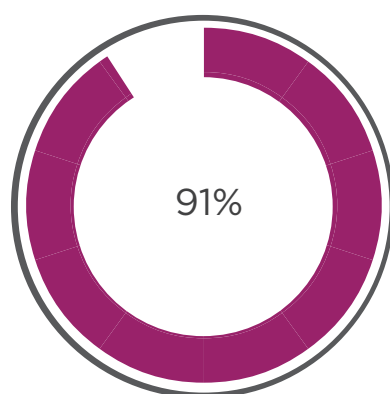
PRACTICE COUNT



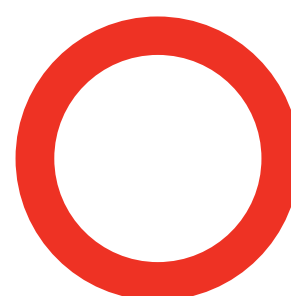
Practices with narrative	17
Practices with no narrative	0
Practices cross-referenced to narrative	382
Not applicable	1

KING IV™ MANAGEMENT REVIEW

COMPLETENESS METER

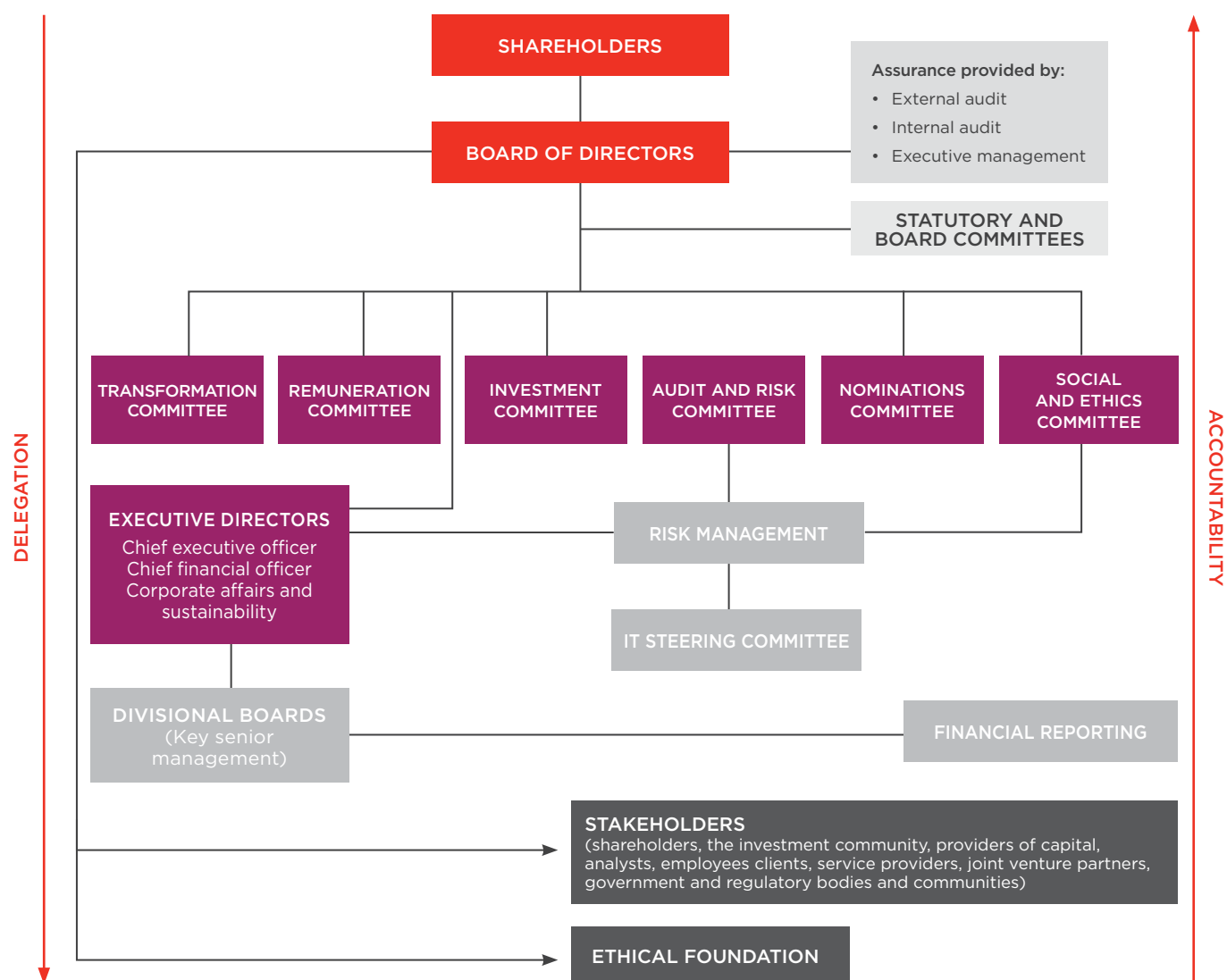


PRACTICE COUNT



Satisfactorily applied	368
Not applied	0
Not applicable	0

CORPORATE GOVERNANCE STRUCTURE



GOVERNANCE AND ETHICS

The governance structure supports the Group's strategic focus areas. The Board played a pivotal role in planning the strategy that established clear benchmarks to measure the strategic objectives of the Group. It ensured that through the sound structure and governance framework it enhanced good corporate governance, improved internal controls and business performance. In carrying out its priorities, the Board ensured the existence of the necessary committee structures, including the executive committee with clear terms of reference to assist it in discharging its responsibilities. This was cascaded down into the business, subsidiary and divisional levels to ensure that the business is provided with a structure within which management can operate effectively.

CORPORATE GOVERNANCE REPORT – continued

OUR EFFECTIVE LEADERSHIP

In terms of AEEI's Memorandum of Incorporation and Board Charter, the Board is responsible for strategic direction and ultimate control of the Company.

INTRODUCING OUR BOARD OF DIRECTORS

The diversity and skills of our Board ensure that the Group is steered to deliver growth to all our stakeholders.

EXECUTIVE DIRECTORS

**CHIEF EXECUTIVE OFFICER****Khalid Abdulla (52)**

MBA (UCT), BCompt (Hons), CTA (Unisa), Project Management (UCT)

Appointed: 29 August 2007

Nationality: South African

Board subcommittee:
Investment committee

Expertise and experience: Mr Abdulla is the Group chief executive officer of AEEI and has been with the AEEI Group since 1999. He served as the chief executive officer (CEO) of various subsidiaries, i.e. the information technology and financial services businesses and as Group chief financial officer (CFO) in 2007 before being appointed as Group CEO in November 2009.

Mr Abdulla has been appointed to and serves on various boards, committees and non-governmental organisations (NGOs). He has over 30 years' commercial experience related to fishing, technology, health, biotherapeutics, events and tourism and financial services. He is a regular invitee to and participant at the World Economic Forum in Africa as well as the Summer Davos in China. He was a speaker for the Department of Trade and Industry at conference in the United Kingdom and Germany for "Investing into South Africa".

Mr Abdulla is the recipient of many awards, some of which include being the overall winner of the Inaugural South African Vision 2030 Future Maker: Driver for Change 2017 Award and the overall winner at the Oliver Empowerment Awards as SA's most Empowered Business Leader of the Year 2017. He was voted one of the best CEOs in the country in 2016 by Financial Mail and was ranked among the 10 best executives of 2015 by Financial Mail. He was the recipient of the prestigious Black Business Executive Circle (BBEC)/Absa Bank Kaelo Award (2010), for giving guidance and leadership to grow junior and middle management.

Major directorships: Premier Fishing and Brands Ltd, BT Communication Services South Africa (Pty) Ltd, Saab Grintek Defence (Pty) Ltd, Health System Technologies (Pty) Ltd, espAfrika (Pty) Ltd, AYO Technology Solutions Ltd, Bioclones (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Puleng Technologies (Pty) Ltd, Kalula Communications (Pty) Ltd trading as Headsets Solutions and Orleans Cosmetics (Pty) Ltd.

**CHIEF FINANCIAL OFFICER****Chantelle Ah Sing (43)**

BCom (Nelson Mandela University), Post graduate diploma in Accounting (KZN)

Appointed: 19 November 2009

Nationality: South African

Expertise and experience: Ms Ah Sing is the Group chief financial officer of AEEI and was appointed to the AEEI Board as an executive director in November 2009. She joined the AEEI Group in 2007 under the health and biotherapeutics subsidiaries, where she advanced to the position of financial director.

Major directorships: Premier Fishing SA (Pty) Ltd, AYO Technology Solutions Ltd, Wynberg Pharmaceuticals (Pty) Ltd, Bioclones (Pty) Ltd, Ribotech (Pty) Ltd, Magic 828 (Pty) Ltd, Saab Grintek Defence (Pty) Ltd and Health System Technologies (Pty) Ltd.

**CORPORATE AFFAIRS AND SUSTAINABILITY DIRECTOR****Cherie Felicity Hendricks (54)**

University of Cambridge Programme for Sustainability Leadership, Incite Sustainability Executive Programme

Appointed: 18 March 2009

Nationality: South African

Board subcommittees:
Transformation committee
Social and ethics committee

Expertise and experience: Ms Hendricks is the corporate affairs and sustainability director responsible for corporate affairs, which include sustainability, regulatory compliance, corporate social investment and Group communication. She has more than 18 years' experience in the AEEI Group and currently sits on the boards of the Group's major investments and links the Group's subsidiaries with the Group's corporate office.

Major directorships: Premier Fishing and Brands Ltd, Health System Technologies (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Ribotech (Pty) Ltd, AYO Technology Solutions Ltd, espAfrika (Pty) Ltd, Independent Newspapers (Pty) Ltd, Bioclones (Pty) Ltd, Independent Media (Pty) Ltd, Condé Nast Magazines (Pty) Ltd, Sekunjalo Independent Media (Pty) Ltd, Puleng Technologies (Pty) Ltd, Kalula Communications (Pty) Ltd trading as Headset Solutions, African News Agency (Pty) Ltd and Orleans Cosmetics (Pty) Ltd.

NON-EXECUTIVE BOARD MEMBERS

**INDEPENDENT NON-EXECUTIVE CHAIRMAN****Reverend Dr Vukile Charles Mehana (65)**

BTh (Rhodes University), AMP (INSEAD Business School, France), Certificate on Public Enterprises (National University of Singapore), MBA (De Montfort University, UK), DPhil (University of Johannesburg), ordained minister of the Methodist Church of Southern Africa, Adjunct Professor of UCT: Graduate School of Business and Top Management Certificate on Public Enterprise (National University of Singapore), DBA, Honoris Causa (Commonwealth University)

Appointed: 8 August 2007

Nationality: South African

Board subcommittees:

Chairman of the investment committee

Chairman of the nomination committee

Social and ethics committee

Remuneration committee

Expertise and experience: Reverend Dr Mehana is the chairman of the LR Management Group (Pty) Ltd and sits on the boards of various companies as well as being an active leader in non-profit organisations.

Major directorships: LR Management Group (Pty) Ltd (chairman), Mazwe Financial Services (non-executive chairman), Makana Investment Corporation (Pty) Ltd (non-executive director representing the Ex-Political Prisoners Trust), espAfrika (Pty) Ltd (non-executive chairman), Community Schemes Ombud Service (CSOS) (chairman), Sizwe Africa IT Group (Pty) Ltd (non-executive chairman), Mustek Ltd (non-executive chairman), Premier Fishing and Brands Ltd (non-executive chairman) and Chairman of the South African Police Services Transformation Task Team.

**NON-EXECUTIVE DEPUTY CHAIRMAN AND LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR****Salim Young (60)**

Appointed: 12 December 2005

Nationality: South African

Board subcommittees:

Chairman of the audit and risk committee

Chairman of the remuneration committee

Nomination committee

Investment committee

Expertise and experience: Mr Young is an experienced business executive and corporate lawyer and is a former director of Webber Wentzel (formerly Mallinicks Inc.). Mr Young recently retired after a very successful 12 years as an executive director on the board of British American Tobacco SA. During this time Mr Young served as the appointed South African representative of the London-based BAT Plc, whose secondary listing on the JSE at the time ranked it as the largest company by market capitalisation. Mr Young maintains board positions in a number of other companies and significant trusts. He holds a post-graduate master's degree (LLM) in International Commercial Law from Tulane University in the United States as well as Certificates in Law from Georgetown University and Harvard University, respectively.

He is one of the founders of Unipalm Investment Holdings Ltd and chairs the investment and remuneration committees. He also sits on the Company's audit committee.

Major directorships: Unipalm Investment Holdings Ltd, Premier Fishing and Brands Ltd, Independent Media (Pty) Ltd, Loot (Pty) Ltd, Insights Publishing, BAT Signature Trust and Premier Fishing SA (Pty) Ltd.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Johannes Mihe Gaomab (55)**

Appointed: 13 September 2006

Nationality: Namibian

Board subcommittees:

Audit and risk committee

Social and ethics committee

Expertise and experience: Mr Gaomab is an international businessman with major business interests in Namibia and South Africa. He is the founder and chairman of Gaomab Investments Management CC, Gulf Oil Marine (Pty) Ltd, Namibia Atlantic Petroleum and Shipping Corporation (NASCORP) and the executive chairman of African Renaissance Mining Company (Pty) Ltd.

Major directorships: Gaomab Investments Management CC, Gulf Oil Marine (Pty) Ltd, Namibia Atlantic Petroleum and Shipping Corporation (Pty) Ltd (chairman) and African Renaissance Mining Company (Pty) Ltd, a South African company with subsidiaries in Namibia, the Democratic Republic of the Congo, Malawi and Zambia.

CORPORATE GOVERNANCE REPORT – continued

NON-EXECUTIVE BOARD MEMBERS

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Aziza Begum Amod (55)****Appointed:** 12 November 2012**Nationality:** South African**Board subcommittee:**
Chairman of the social and ethics committee

Transformation committee

Remuneration committee

Nomination committee

Expertise and experience: Ms Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She provides consultancy to women-owned businesses in the areas of impact investment, social innovation and technology applications for social impact in the food and retail sector.

Ms Amod has been featured and published in numerous articles in relation to business and women entrepreneurs. She is a well-known philanthropist supporting a number of NGOs, outreach programs and serves on the board of trustees of numerous philanthropic associations.

She currently serves as a director and trustee on various business entities and trusts.

Major directorships: Health System Technologies (Pty) Ltd, AYO Technology Solutions Ltd and Premier Fishing and Brands Ltd.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Takudzwa Tanyaradzwa Hove (35)**BCom (Hons) Accounting
(Nelson Mandela Metropolitan University) CA(SA), ACMA, CGMA**Appointed:** 4 September 2013**Nationality:** Zimbabwean**Board subcommittees:**

Audit and risk committee

Investment committee

Expertise and experience: Mr Hove worked for AEEI from April 2009 until September 2013 and held several positions, including Group financial manager and corporate finance executive. He is very knowledgeable of the Group's diverse operations, having worked closely with the operational heads of the Group's businesses. He is currently an executive director of Independent Media (Pty) Ltd.

Major directorships: Independent Media (Pty) Ltd, African Technology and Media Holdings (Pty) Ltd, Premier Fishing and Brands Ltd, AYO Technology Solutions Ltd, Condé Nast Independent Magazines (Pty) Ltd, Allied Publishing Ltd and Allied Media Distributors (Pty) Ltd.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Zenariah Barends (55)**

Diploma in Library and Information Science and BA (Honours) (UWC)

Appointed: 14 November 2014**Nationality:** South African**Board subcommittees:**
Chairman of the transformation committee

Social and ethics committee

Expertise and experience: Ms Barends is the chairperson, trustee and board member of a number of civil society institutions including Inyathelo: The South African Institute for Advancement. She has a long history of involvement in arts and culture through the Cape Cultural Collective as well as a strong track record in human rights activism. She served as the Western Cape Head of Investigations of the Truth and Reconciliation Commission – a commission chaired by Nobel Laureate, Archbishop Desmond Tutu.

In her current portfolio, Ms Barends is chief of staff at Independent Media (Pty) Ltd. She was appointed as a senior executive at Sekunjalo Investment Holdings (Pty) Ltd earlier this year. Her portfolio includes coordinating the involvement of the Sekunjalo Group in the BRICS Business Council, where she has also served as the Chief Secretariat of the South African Chapter of the BRICS Business Council (SA BBC). She is also responsible for coordinating the Sekunjalo Group's various World Economic Forum activities, which include the Group's involvement in the Global Agenda Council on Emerging Multinationals and the Global Growth Companies Advisory Board.

Major directorships: Chairperson of the Board of Trustees of Inyathelo: The South African Institute for Advancement.

BOARD POWERS AND PROCEDURES

The Board assumed ultimate responsibility and accountability for the performance and affairs of the Group and ensured effective leadership on an ethical foundation. It serves as the focal point and custodian of corporate governance for the Group. The Board sets and steers the direction of the Group to ensure that it brings informed, independent and effective judgment and leadership on all material decisions reserved for the Board. It ensures that strategy, risk, performance and sustainable development issues are effectively integrated and appropriately balanced. *(King IV™ – Principles 1, 2, 3, 4 and 6)*

The Board believes that diversity is an essential component for sustaining a competitive advantage. Directors are chosen for their corporate leadership skills, experience, expertise and gender diversity. The Board believes that the current mix of knowledge, skill and experience meet the requirements to lead the Group effectively. Through the contributions of all directors, AEEI has established a suitable balance of power and a solid framework for the examination, calculation and management of risk. The Board has a policy that allows for the clear division of responsibilities to ensure a balance of power and authority. This means that no one individual has unlimited powers when it comes to decision-making. *(King IV™ – Principles 1, 8 and 10)*

The independent non-executive directors are considered to have the necessary skill and experience to bring balanced and independent judgment to the Board. While all directors have equal responsibility for monitoring the Group's affairs, it is the role of the CEO and the executive management team to run the business within the parameters prescribed by the Board and to produce clear, accurate and timely reports, thus enabling the Board to make informed decisions. *(King IV™ – Principles 7 and 8)*

The Board and its committees continue to monitor the implementation of compliance to policies and processes and improve upon them and to mitigate the risk of non-compliance with all applicable laws. *(King IV™ – Principle 11)*

The Board regularly reviews the Group's governance structures and processes to ensure that they support effective and ethical leadership, good corporate citizenship and sustainable development and to ensure that they are applied in the best interests of the Group's stakeholders. The Group has the necessary policies and processes in place to ensure that all subsidiaries adhere to Group's requirements and governance standards. The Board is involved in the decision-making of its

subsidiaries on material matters and is satisfied that its delegation of authority framework contributes to role clarity and effective exercise of authority and responsibilities. *(King IV™ – Principle 1, 2 and 3)*

The Board has full and unrestricted access to all Company information, records, documents and property and monitors the non-financial aspects relevant to the businesses of the Group. The Board recognises its responsibility to report and communicate all matters of significance to all of its stakeholders and to ensure effective communication between internal and external stakeholders. The Board encourages attendance of its directors and chairpersons of its committees at the annual general meetings (AGM).

The Company's Memorandum of Incorporation (MOI), the Companies Act, King IV™ and the JSE Listings Requirements set out the directors' responsibilities, rights and obligations. Directors are required to comply with all relevant legislation and required to maintain strict confidentiality of all information relating to the business of the Company. The conduct of directors shall be consistent with their duties and responsibilities to the Company and indirectly to the shareholders.

The Board is satisfied that it discharged its duties and obligations as described in the Board charter during the year under review.

During the year under review, the following change was made to the position of company secretary:

- With effect from 13 January 2017, Ms Cherie Hendricks resigned as the interim company secretary and Ms Nobulungisa Mbaliseli has been appointed as the new company secretary.

ETHICAL AND RESPONSIBLE LEADERSHIP

The Board provides effective leadership based on a principled foundation and the Group subscribes to the highest ethical standards. Responsible leadership, instilled by the values of responsibility, transparency, accountability and fairness, has been a defining characteristic of the Company since inception.

AEEI's fundamental objective has always been to do business ethically while building a sustainable Company that recognises the short and long-term impact of its activities on the economy, society and the environment.

CORPORATE GOVERNANCE REPORT – continued

The Group is governed by the Group Code of Conduct and Code of Ethics. The Code of Ethics requires all directors, management and employees to obey the law, respect others, to be honest and fair and to protect the environment. The Code of Conduct articulates AEEI's commitment to doing business according to best practices, the right way and guided by our values.

(King IV™ – Principles 1 and 2)

RESPECTED CORPORATE CITIZENSHIP

The Board and management recognise that AEEI is an economic entity and also a corporate citizen and that it has a social and moral standing in society with all the attendant responsibilities. Further information is provided in our corporate social investment report on page 134.

(King IV™ – Principle 3)

COMPOSITION OF THE BOARD, COMMITTEES AND APPOINTMENT OF DIRECTORS

The Board recognises and embraces the benefits of a diverse Board. Diversity is core and an essential component for sustaining a competitive advantage. Directors are chosen for their leadership and business skills, experience and expertise. The Board of AEEI is diverse in terms of race, gender, composition and academic backgrounds and business skills.

(King IV™ – Principle 7)

The committees established by the Board play an important role in enhancing standards of governance, ethics and effectiveness within the Group. The terms of reference of the Board and its committees are reviewed and amended as required in terms of legislation annually.

The nomination committee makes recommendations to the Board for the appointment of new non-executive directors. In the Board's opinion, all directors have the

relevant knowledge, skills and experience to make a meaningful contribution to the Company's business.

The Board believes that, as long as non-executive directors remain completely independent of management and relationships that could significantly affect their decisions and advice and are of the right calibre and integrity, they can perform the required function of looking after the Company's interests.

Appointments to the Board are formal and transparent and a matter for the Board as a whole. The Board specifically considers the independence of directors and their other commitments when they are first appointed, as well as annually, or at any other time when a director's circumstances change and warrant re-evaluation. This is done to determine whether the director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily. Should the nomination committee be of the view that a director is over-committed or has an unmanageable conflict, the chairman will meet with that director to discuss the resolution of the matter, to the satisfaction of the committee. *(King IV™ – Principle 7)*

In terms of the MOI of the Company, no director shall be appointed for life or for an indefinite period and the directors shall rotate in accordance with the provisions set out in the MOI. All directors shall retire from office provided that, if a director is appointed as an executive director or an employee of the Company in any other capacity, he or she shall not, while he or she holds that position or office, be subject to retirement by rotation and he or she shall not in such case be taken into account in determining the rotation or retirement of directors.

The Board is of the view that all the non-executive directors exercise independent judgment at all times with respect to material decisions of the Board.

(King IV™ – Principle 8)

BOARD COMPOSITION – DIVERSITY

GENDER DIVERSITY

Male – 55.55%
Female – 44.45%

HISTORICALLY DISADVANTAGED

White – 0%
Black – 78%
Black other – 22% (non-South African)

OVERVIEW OF THE BOARD

	2017	2016
Number of Board members	9	9
Number of Board members who are non-executive directors	6	6
Number of Board members who are deemed independent	6	6
Number of Board members who are deemed HDSA	7	7
Number of Board members who are women	4	4
Tenure of executive director service (in years)	8.67	7.75
Tenure of non-executive director service (in years)	7.50	6.39
Tenure of directors (full Board) service (in years)	7.89	6.84
Average age of directors (in years)	52.44	51.55
Audit remuneration % of non-audit fees	0.00%	0.00%
Independence of Board chairman	Yes	Yes
Number of prescribed officers	1	1

EVALUATION OF THE BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

The Board and committees are evaluated annually by its members and improvement in areas are identified and addressed appropriately to ensure effective functioning. Ever-changing issues facing companies make it essential to look at the agenda items of the Board to ensure that it stays aligned with good governance and ethics, meets current needs and best practices and matters of strategic importance. The independence of directors and their other commitments are also evaluated. The results of these evaluations are not disclosed in the integrated report. The non-executive chairman concluded that the Board is functioning well and noted minor areas for improvement. The independent non-executive chairman and remuneration committee evaluates the performance of the executive directors annually. The nomination committee evaluates the independence of the non-executive directors on an annual basis. *(King IV™ – Principles 7 and 9)*

The Board appraises the performance of the CEO, the CFO and the corporate affairs director on an annual basis and identifies areas of improvement, which are appropriately addressed. The Board confirmed that they were happy that the executive directors carried out their duties with due skill and diligence and in the best interest of the Company for the period under review.

The Board is of the view that all non-executive are independent and specifically reviewed the independence of directors whose tenure is nine years or longer. Reverend Dr Mehana and Messrs Young and Gaomab are in excess of nine years' tenure and the Board is satisfied that they are still independent after taking into account their experience, skills and diversity. *(King IV™ – Principle 9)*

INDEPENDENT NON-EXECUTIVE CHAIRMAN

The independent non-executive chairman of the Board is Reverend Dr Vukile Charles Mehana.

During the year under review, the chairman ensured that the Board functions efficiently and provided guidance and overall leadership to the Board and the Group. He ensured the integrity and effectiveness of the Board and its committees and ensured that Board members were fully involved in and informed of any business issues on which a decision had to be made. He ensured Board members exercised independent judgment, acted objectively and all relevant matters were placed on the agenda and prioritised accordingly for discussion by the Board.

He ensured that executive members played an effective management role and participated fully in the operations, governance and ethics of the Group. He availed himself to the CEO and executive management between Board meetings to provide counsel and advice. *(King IV™ – Principle 9)*

CORPORATE GOVERNANCE REPORT – continued

OUR EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER

Mr Khalid Abdulla is the CEO of the Group and is an executive director appointed by the Board.

During the year under review, he was responsible for leading the implementation and execution of the approved strategy, policy and operational planning. He served as the chief link between management and the Board and is accountable to the Board.

He continued with the implementation of the Group's Vision 2020 Vision strategy as approved by the Board. He reviewed the annual business plans and budgets that support the Company's long-term view and made recommendations thereon. He is responsible for aiding the achievement of performance goals, objectives and targets as well as maintaining an effective management team and management structures. He ensured that the appropriate policies were formulated and implemented to guide activities across the Group and ensured effective internal organisation and governance measures were deployed. A succession plan is in place for the CEO in the event of unplanned leave or planned resignation.

(King IV™ – Principle 10)

CHIEF FINANCIAL OFFICER

Ms Chantelle Ah Sing is the CFO of the Group and is an executive director.

During the year under review she assisted the Board to protect and manage the Company's financial position with the assistance of the audit and risk committee. She ensured that the financial statements are fairly presented and contained the proper disclosures. She ensured that the appropriate internal controls and regulatory compliance policies and processes are in place and that non-financial aspects relevant to the business of the Company were identified.

The audit and risk committee has considered the expertise and experience of the CFO and deems it appropriate. The audit and risk committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced. *(King IV™ – Principle 10)*

CORPORATE AFFAIRS AND SUSTAINABILITY

Ms Cherie Hendricks handles the corporate affairs and sustainability of the Group and is an executive director.

During the year under review, she ensured an effective ethical culture and corporate governance is maintained in the Group. She reported to the Board on social and economic development, B-BBEE, sustainable development, transformation and good corporate citizenship, with the emphasis on corporate social responsibility within the focus areas. She ensured that stakeholder relationships and stakeholder engagement activities, consumer relationships including public relations and marketing were managed effectively. She ensured that the human resources function and employment activities were aligned with Group policies. She updated Board policies and charters in compliance with statutory, regulatory and legislative requirements for adoption and approval by the Board.

She is responsible for writing the integrated report, the notice of the annual general meeting and form of proxy to shareholders and ensured the timeous delivery thereof.

(King IV™ – Principle 10)

PRESCRIBED OFFICER

Mr Khalid Abdulla is the prescribed officer. The prescribed officer is required to perform his function and exercise his duties to the same standard of conduct applicable to all directors and is subject to the same liability provisions applied to directors.

During the year under review he exercised general executive control over the management of the subsidiaries in the Group and to a degree, regularly participated in the exercise of general executive control of the business units and activities of the Group.

The prescribed officer is not remunerated separately for this function.

COMPANY SECRETARY

Ms Nobulungisa Mbaliseli was appointed as the company secretary effective 13 January 2017 and Ms Cherie Hendricks stepped down as the interim company secretary. The company secretary is accountable to the Board.

During the year under review, the company secretary provided guidance to the directors in terms of their duties, responsibilities and powers and their responsibilities and liabilities under the Companies Act. She made the Board aware of changes to any relevant law affecting the Company. She prepared Board packs and recorded detailed minutes of meetings. She ensured that Board and committee meetings and the annual general meeting of the Company were properly and orderly conducted. She disclosed the corporate actions, SENS announcements and directors' dealings in securities and ensured compliance with the JSE Listings Requirements and the Companies Act.

The Board has considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. This was concluded after due assessment following a review by the remuneration committee of the Company regarding the company secretary's qualifications, experience and performance.

The Board is satisfied that an arm's length relationship exists between the company secretary and the Company, as she is not a member of the Board, is not involved in the day-to-day operations of the Company and is not a prescribed officer.

BOARD COMMITTEES

The Board has established a number of committees to assist it in performing its statutory duties and to fulfil its effective decision-making processes. Specific responsibilities with formally delegated powers have been assisted to the committees to perform their functions, with defined regulations and terms of reference to promote independent judgment and assist with the balance of power.

STATUTORY DUTIES

The audit and risk, remuneration, investment, transformation, nomination and social and ethics committees are constituted as statutory committees of the AEEI Board in respect of their statutory duties in terms of the Companies Act and King IV™ and are accountable to the Board and shareholders. These are committees of the Board in respect of all other duties the Board assigns to them and have been delegated powers to perform their functions in accordance with all regulatory requirements including the Companies Act and King IV™.

TERMS OF REFERENCE

All committees function according to Board-approved terms of reference as contained in each committee's charter and/or policy. Each committee adopted its policy/charter with the terms of reference approved by the Board. Each committee reviews its policy on an annual basis to ensure it remains current and updated.

All committee charters and policies were reviewed during the year with changes being made to take into account new regulatory requirements and King IV™ to ensure best governance practices. These charters and policies were formally tabled at each committee meeting and adopted by the Board of directors.

The chairman of each committee reports back to the Board at each Board meeting and embraces the principles of transparency and full disclosure.

The delegation of authority to Board committees does not mitigate or discharge the directors and the Board from their duties and responsibilities.

CORPORATE GOVERNANCE REPORT – continued

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	INVESTMENT COMMITTEE	TRANS-FORMATION COMMITTEE	NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE
COMPOSITION					
Three independent non-executive directors	Three independent non-executive directors and a consultant	One executive director and three independent non-executive directors	Two independent non-executive director and one executive director	Three independent non-executive directors	One executive director and four independent non-executive directors
COMMITTEE MEMBERS					
S Young (chairman) JM Gaomab TT Hove	S Young (chairman) Reverend Dr VC Mehana AB Amod A lpp (Consultant)	Reverend Dr VC Mehana (chairman) S Young K Abdulla TT Hove	Z Barends (chairman) CF Hendricks AB Amod	Reverend Dr VC Mehana (chairman) S Young AB Amod	AB Amod (chairman) CF Hendricks Reverend Dr VC Mehana JM Gaomab Z Barends
FREQUENCY OF MEETINGS					
Three times a year	Twice a year	Twice a year	Twice a year	Annually	Twice a year
TERMS OF REFERENCE – BOARD-APPROVED CHARTER/POLICY					
Yes	Yes	Yes	Yes	Yes	Yes
INVITEES					
Meetings are attended by the internal and external auditors, members of the executive management team and a consultant.	Meetings are attended by members of the executive management team and the consultant.	Meetings are attended by executive members of the management team.	Meetings are attended by members of the executive management team.	Meetings are attended by members of the executive management team.	Meetings are attended by members of the executive management team.
OTHER					
The auditors have unlimited access to the audit and risk committee, ensuring independence is not compromised in any way.					

The company secretary, Ms N Mbaliseli is the secretary to all of the above committees.

Reverend Dr VC Mehana resigned from the audit and risk committee on 18 August 2017 to improve governance, as the chairman of the Board cannot be a member of the audit and risk committee.

Taking into account the various inputs, including the outcomes, the Board combined the social and ethics and the transformation committee's going forward.

Board committee members are authorised to obtain independent outside professional advice when necessary.

DIRECTORS' DETAILS AND ATTENDANCE AT MEETINGS

	EXECUTIVE (E) NON-EXECUTIVE (NE)	OVERALL ATTENDANCE AT BOARD MEETINGS %	OVERALL ATTENDANCE AT COMMITTEE MEETINGS %	LENGTH OF SERVICE (YEARS)	AGE (YEARS)
K Abdulla	E	100	100	10	52
C Ah Sing	E	100	N/A	8	43
CF Hendricks	E	100	100	8	54
Reverend Dr VC Mehana	NE	100	72	10	64
S Young	NE	75	80	12	60
AB Amod	NE	100	100	5	55
JM Gaomab	NE	75	80	11	54
TT Hove	NE	75	50	4	35
Z Barends	NE	75	80	3	55

CONFLICT OF INTEREST

All directors of the Company and its subsidiaries, including senior management, are required to submit a list of their directorships and interests in contracts at each Board meeting.

Directors are required to disclose their personal financial interests and those of persons related to them, in contracts or other matters in which the Company has a material interest. Where a potential conflict of interest exists, directors are expected to recuse themselves from the relevant discussions and decisions.

No director had a material interest in any significant contract with the Company or any of its subsidiaries during the year.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The Board ensured that the Company complied with all the laws, codes, rules and standards including, but not limited to, the JSE Listings Requirements, King IV™, the Companies Act, Competition Law, legislative and environmental standards, consumer protection laws, employment legislation, international laws and legislation as well as compliance in terms of corporate governance, ethics, risk, technology and information. The Board considers adherence to non-binding rules, codes and standards.

The Board reviews the compliance with laws, regulations, codes and other standards and continually monitors the implementation of the legal compliance processes. Board policies and charters were updated during the year under review in compliance with statutory, regulatory and legislative requirements. (*King IV™ – Principle 13*)

ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements based on appropriate accounting policies.

AAEI's financial statements are based on appropriate accounting policies as set out in the notes to the financial statements and are supported by reasonable and prudent significant judgments and estimates.

The external auditors are responsible for considering internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control systems.

The Board established formal and transparent arrangements with the external and internal auditors and ensured that timely and accurate disclosure was made of any information that would be of material importance.

The Board ensured that assurance services and functions enabled an effective control environment and that these support the integrity of information for internal and external decision-making and of the organisation's external reports in achieving the organisation's objectives.

The external auditors assessed whether the financial statements conform to IFRS, the JSE Listings Requirements and the Companies Act.

CORPORATE GOVERNANCE REPORT – continued

The Board is satisfied that the financial statements are fairly presented and contain proper disclosures and appropriate internal controls and that regulatory compliance processes were followed in the preparation of the annual financial statements.

The external auditors offered reasonable, but not absolute, assurance of the accuracy of the financial statements. AEEI's management is responsible for the preparation of the financial statements. *(King IV™ – Principle 15)*

DEALING IN GROUP SHARES

In terms of the JSE Listings Requirements, directors, officers and employees of the Company are not permitted to trade in the shares of the Company during closed periods, which commence at the end of the first six months of the financial year (end February) and financial year-end (end August) and during periods when the Company is trading under a cautionary announcement. The company secretary disseminated written notices to all directors and senior management throughout the Group informing them that dealing in AEEI shares during the closed periods is prohibited.

Directors are required to seek the authority of the independent non-executive chairman prior to dealing in shares of AEEI. Accordingly, directors are not permitted to make use of internal Company information when deciding to deal in the Company's shares.

In accordance with the JSE Listings Requirements, the Board reinforced the Code of Conduct for insider trading. During the year under review, directors were updated according to any changes in terms of the JSE Listings Requirements.

All dealings in Company shares by the directors are reported on SENS within 48 hours of the trade having been made.

COMMUNICATION

AEEI places great value on the high standards of corporate governance, ethics, communication, transparency of information in terms of the Promotion of Access to Information Act, and regulatory and other directives relating to the dissemination of information. AEEI's primary emphasis is to protect its reputation through managing the Company's relationships with its stakeholders.

The Group subscribes to a policy of full, accurate and consistent communication with regard to all its affairs. The Board seeks to present a balanced and understandable assessment of the Group's position at all times when reporting to stakeholders.

The integrated report deals adequately with disclosures relating to financial statements, auditors' responsibility, accounting records, internal controls, risk management, accounting policies, adherence to accounting standards, going concern issues, as well as the Group's adherence to established codes of governance.

The independent non-executive chairman and CEO regularly communicated with major shareholders, institutional investors, analysts and the media during the period under review. The Group acknowledges the role of the media, especially that of financial journalists and it endeavours to assist these role players as much as possible.

The Group encourages shareholders to attend the annual general meeting (AGM), which provides them with an opportunity to raise concerns and ideas and to participate in discussions at the AGM. The Group publishes its financial results on SENS and shareholders are advised that a copy of the integrated report is available on the Company's website and at the registered offices of the Company. *(King IV™ – Principle 16)*



CORPORATE CODE OF ETHICS AND CODE OF CONDUCT

The Group subscribes to the highest levels of professionalism and integrity in conducting its businesses and dealing with all stakeholders. All employees are expected to share its commitment to high morals, ethical practices, the Company's values, moral conduct and legal standards.

The Board continues to provide effective leadership based on a principled foundation. AEEI's leadership is characterised by the values of responsibility, accountability, fairness and transparency. One of AEEI's fundamental objectives has always been to do business ethically while building a Company that is sustainable, taking into account the short, medium and long-term activities of the economy, society and the environment.

In executing its responsibilities, the social and ethics committee considered and monitored the Group's activities, having regard to legislation, human rights and prevailing practice in matters relating to social and economic development, including compliance with the 10 principles of the United Nations Global Compact and labour and employment activities. Refer to page 114 for the social and ethics committee report.

The Board of AEEI recognises that the Company is an economic entity and a corporate citizen and has a social and moral standing in society with all the attendant responsibilities. Refer to page 134 on Social Sustainability.

AEEI's Code of Ethics addresses corruption, bribery, conflicts of interest and human rights and governs the Group's approach to ethical behaviour and fair business practice. All directors and employees are aware of the Code of Ethics and Code of Conduct, which are maintained throughout the Group. The Code of Ethics and Code of Conduct were updated during the year under review and approved by the Board. Through The Way We Work Policy, the Group subscribes to a code of ethical and moral behaviour that requires total transparency for all stakeholders. AEEI prides itself on fairness and honesty and is intolerant of theft and dishonesty. (*King IV™ – Principles 1, 2, 3 and 16*)

REPORTING UNETHICAL BEHAVIOUR

Employees and stakeholders are able to report any breach of the Code of Ethics via the Group's anonymous reporting facility. During the period under review there were no reported allegations of unethical behaviour to the reporting facility.

ENGAGING WITH OUR STAKEHOLDERS

The Group's stakeholder engagement is governed by the recommendations of King IV™. AEEI has a stakeholder engagement framework, which includes communication guidelines and corporate identity. AEEI's stakeholder

engagement framework outlines the Company's approach to communicating and working with our stakeholders. Engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations and assists with strategic and sustainable decision-making.

Stakeholder consultation and relationship management is implemented in all divisions of the Group. Our stakeholders' expectations are identified through regular engagements, personal interactions and our financial and sustainability reports. The Board appreciates that it is required to provide timeous, relevant and accurate information and continually strives to maintain open direct dialogue with all its stakeholders.

AEEI regularly communicated with its stakeholders during the year under review, including presenting the Group's strategy and performance. Engaging with stakeholders is decentralised and forms part of the operations of our various business units. Each business unit is required to report regularly on its stakeholder engagements. For further information refer to page 85 – Building relationships with our stakeholders. (*King IV™ – Principle 16*)

This statement shows the total value created and how it was distributed.

2017 VALUE DISTRIBUTION

58.2%

EMPLOYEES



1%

COMMUNITIES



10.4%

RETAINED FOR GROWTH



9%

DEBT PROVIDERS



13.1%

GOVERNMENT



8.3%

CAPITAL PROVIDERS



CORPORATE GOVERNANCE REPORT – continued

VALUE-ADDED STATEMENT

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased.

This statement shows the total value created and how it was distributed.

VALUE-ADDED STATEMENT	2017 R'000	2016 R'000	2015 R'000
Cash value generated from revenue	970 806	859 628	659 865
Less cost of materials and services	(682 548)	(648 534)	(492 996)
Value added	288 258	211 094	164 869
Investment revenue	23 903	33 592	16 976
Wealth created	303 974	244 686	181 845
Distributed as follows:	%	%	%
Employees	58.2 181 666	43.80 107 216	52.70 95 871
Capital providers	8.3 25 804	5.90 14 527	6.06 12 075
Debt providers	9 28 267	10.70 26 232	10.80 19 695
Communities	1.0 3 070	1.30 3 109	1.60 2 845
Government	13.1 41 028	8.30 20 192	8.00 14 590
Retained for growth	10.4 32 327	30.0 73 440	20.20 36 769
Wealth distribution	100 312 161	100 244 686	100 181 845
Employee statistics			
Number of employees at year-end	858	680	618
Turnover per employee	1 134	1 264	1 065
Value added per employee	337	310	267
Wealth created per employee	365	360	294

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS

Our stakeholders are integral to our ability to protect, create and grow value, a process that is advanced through relationships with others and balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time.

AEEI appreciates the role of its stakeholders and is committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. The Group recognises that its business is but one of the stakeholders in the socio-economic and environmental system. It is essential for the Group to compete successfully in an increasingly complex and ever-changing business environment and to systematically bring about the change needed for sustainable development. Building and maintaining trust and respect with our various stakeholders has a positive impact on our reputation and is essential in addressing risks and opportunities. We strive to respond timeously and appropriately to issues raised in our interactions.

At AEEI we believe that the strength of our relationships with all our key stakeholders is critical in the achievement of our strategic objectives and creating mutual value for the Company and our stakeholders. As such, our stakeholder management approach involves gaining a thorough understanding of key stakeholders, assessing the matters that are material to them, including risks and opportunities. Our approach manages stakeholders' expectations and how much material matters impact them and the Group.

Stakeholder engagement involves communicating our strategy, performance, decisions and activities that impact our stakeholders or are of significant interest to them, as well as understanding the needs and perspectives of our stakeholders.

The views and actions of our stakeholders can impact our ability to execute our strategy and conduct our business activities. The feedback from our stakeholders enables us to develop and update our engagement plan to help us create stronger partnerships and improve our overall relationships. We respond appropriately and timeously to matters that emerge – whether they are regulatory, shareholder-based or others.

WE HAVE IDENTIFIED THE FOLLOWING KEY STAKEHOLDER GROUPS WITH WHOM THE GROUP ENGAGES IN A STRUCTURED MANNER:

KEY STAKEHOLDERS THAT CONTRIBUTE TO OUR VALUE DRIVERS



SHAREHOLDERS, INVESTMENT
COMMUNITY AND CAPITAL
PROVIDERS



STAFF



REGULATORS



COMMUNITIES AND NGOS



CLIENTS

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued

BELOW IS AN OVERVIEW OF HOW WE ENGAGED WITH OUR PRINCIPAL STAKEHOLDERS INCLUDING WHAT THEY EXPECT FROM US:



SHAREHOLDERS, THE INVESTMENT COMMUNITY AND PROVIDERS OF CAPITAL

WHO ARE OUR SHAREHOLDERS:

We have a broad shareholder base, which includes our shareholders, the investment community and providers of capital. These are our primary stakeholders as they provide financial capital to sustain our business. Most of our shareholders have taken a medium to long-term view on their investment in AEEI. We believe that, due to the like-mindedness of our long-term shareholders, we are able to grow our business on a sustainable basis.

Our retained earnings are key to running our businesses and making strategic investments.

As at 31 August 2017, we have **1 827 SHAREHOLDERS**

LOCAL: 1 800 SHAREHOLDERS

INTERNATIONAL: 27 SHAREHOLDERS

(98.52%)

(1.48%)

WHAT THEY EXPECT FROM US:

Engaging with our stakeholders is important to identify their needs and manage their expectations. These include creating sustainable growth, value-add and return on investments, net asset value (NAV), regular dividend payments and growth and a strong balance sheet allocation of capital to businesses with high returns. Experienced leadership, transparent reporting, ethical operations on a sustainable basis, responsible corporate governance and ethics are important to our stakeholders.

PRIMARY CONCERNS

Shareholders, analysts and providers of capital:

- Acceptable return on investment capital
- Sustainability of the business and operational performance
- Group strategy including risks and opportunities
- Growth of the businesses
- Capital management
- Shareholder returns
- Access to management

HOW WE ADDRESS THESE CONCERNS:

Management engages regularly with shareholders, investors and capital providers to maintain awareness of shareholder expectations and understand their needs. The Group reports against its Vision 2020 Vision and well-defined return targets. The delivery on our strategy to develop balance in the businesses across all areas supports the return and sustainability of the businesses.



SHAREHOLDERS, THE INVESTMENT COMMUNITY AND PROVIDERS OF CAPITAL (continued)

HOW WE ENGAGE WITH THEM:

Strategic, integrated business management and reporting approach addressing economic, social and environmental issues with regular reviews of business performance is done on a regular basis.

Engagement is done through formal and informal interactions and these channels include:

- Annual general meeting
- Annual and interim results presentations
- Pre-results and post-results feedback
- Integrated report
- Sustainability information
- Site visits
- SENS announcements
- Media – print, television, radio broadcasts and social media
- Investor analyst reports
- Road shows
- *Ad hoc* meetings (as requested)
- Investor conferences
- Our website – www.aeei.co.za

HOW WE DELIVERED VALUE TO THEM:

Consistent financial performance and organic growth: Profit increased to R680 891 from R287 740. Earnings per share increased to 97.10c from 44.09c in 2016. NAV per share increased from 186.52c to 260.00c.

Sustainable growth strategy: Delivery across all our strategic focus areas. Our performance and outlook of our strategic focus areas can be found on page 34.

Strong Board and experienced executive management team: Maintained the diversity on our Board and our executive management team as well as skills retention.

Transparent reporting: We maintained transparency in all our reporting to provide investors with all the relevant information to make informed decisions. This is reflected in our achievements and external awards received – refer to page 14 for information on our awards.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued



INVESTING IN OUR EMPLOYEES

WHO ARE OUR EMPLOYEES?

Our employees are important to our business. We appreciate and understand the needs of our employees: without them we would not have a sustainable business.

Our staff complement is as follows:

MALE

62.59%

FEMALE

37.41%

BLACK

74.71%

Employment was created for **3 120 CONTRACTORS** during the year.

WHAT OUR EMPLOYEES
EXPECT FROM US:

Our employees expect skills training, career development opportunities, performance management, recognition, market-related remuneration and security of employment. They expect open and effective communication across all levels. Transformation, enabling diversity and inclusivity are important to them. They expect a safe, inspiring and positive working environment with access to employee wellness programmes. In some divisions, our employees expect formal recognition agreements with trade unions.

PRIMARY CONCERNS:

- Career development opportunities including skills training
- Market-related salaries, minimum wage and equal pay
- Health and safety
- Transformation and diversity
- Preferred procurement from BEE-accredited companies
- Involvement in secondary and tertiary education programmes
- Employee wellness programmes
- Corporate social investment in communities
- Employee engagement and communication – the importance of open and honest feedback

HOW WE ADDRESS
THESE CONCERNS:

The Group has an annual strategic session to discuss organisational direction and input for the business strategy. The Group has an ethical approach in doing business, including the fair treatment and market-related remuneration of employees. The Group embarked on updating role blue prints, benchmarking and evaluation measures and identifying further skills development plans. We focus on health and safety standards and procedures and ensure that working conditions are acceptable. The companies in the Group make a substantial investment in skills development and maintain a good working relationship with trade unions. The Group is committed to transformation and diversity. Corporate social investment (CSI) projects focus on Company-specific areas of support. Bursary programmes are in place to assist with secondary and tertiary education.



INVESTING IN OUR EMPLOYEES (continued)

HOW WE ENGAGED WITH OUR EMPLOYEES:

We engaged with all levels of employees through a variety of regular and ongoing initiatives for both collective and individual interfaces and we have an open-door policy. Work performance reviews are linked to individual development plans. Senior employees are included in our results presentations. Our employees participate at business unit functions and the Annual Group Awards Ceremony where top achievers in different categories are recognised. Feedback and input from our employees assist us in understanding and responding to their concerns and needs.

Communication channels include:

- Quarterly newsletters, emails and notice boards
- CEO's monthly communiqué, social media platforms, broadcasts and LinkedIn and direct communication between managers, teams and individuals
- Internal meetings with trade union representatives take place on a regular basis
- Operational performance reviews and feedback sessions
- Company website
- Induction programmes
- Role blueprints, including job grading and job specification requirements
- Training and development
- Union interaction
- Anonymous whistle-blowing hotline

HOW WE DELIVERED VALUE TO OUR EMPLOYEES:

A pension/provident fund is in place to assist employees towards investing for their future retirement. Group risk insurance which is linked to the provident fund, provides a lump-sum payment in the event of the disability or death of an employee. Funeral cover is provided either through the existing retirement funds, or as part of the collective bargaining council agreements. Share ownership schemes are in place in a number of the subsidiaries and associate companies.

Candidates for new vacancy positions are sourced from within the Group prior to being sourced externally and preference is provided for in terms of transformation and gender diversity. Continued progress is being made in delivering on our Transformation Plan and strategy, inclusive of persons with disabilities. A decline in the number of misconduct incidents and Commission for Conciliation, Mediation and Arbitration (CCMA) referrals demonstrates an improvement in employee relations. Employee well-being programmes continued throughout the year. Standardised job profiles and role blueprints were created in some business units to enhance consistency, fairness and assessing and developing employees.

Career development and succession plans were implemented in order for us to achieve our strategic objectives and to ensure that we have the right skills for employees to succeed. This will also identify and establish a pipeline of young leaders. Career mobility remains a challenge at certain levels due to low attrition rates. During the year, the Group continued with its resource planning in the business units, as this will identify scarce skills and enable headcount planning, career advancement as well as training and development.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued



CLIENTS

WHO ARE OUR CLIENTS?

Our clients are our customers, service providers and joint venture partners.

WHAT THEY EXPECT FROM US:

Delivery of quality products; innovative business solutions and services; long-term security of supply; planned procurement; professional services; technical expertise; the development, manufacture and distribution of innovative sustainable products; timeous payments; leveraging off our BEE credentials; adherence to regulatory requirements; good corporate governance; and ethics.

PRIMARY CONCERNS:

Customers: Quality ethical products, sustainability of our businesses, delivery and standards, cost competitiveness, brands, B-BBEE and transformation innovative products and solutions

Service providers: Fair treatment and sustainability and fair payment terms

Joint venture partners: Financial performance, transparency, growth and leadership

HOW WE ADDRESS THESE CONCERNS:

Customers: Focus on manufacturing excellence, long-term security of supply and cost efficiencies. Produce innovative products and solutions, including technical expertise

Service providers: Timeous and fair payment terms and sustainability

Joint venture partners: The Group is committed to ethical business practices and respects the interests of all our partners.

HOW WE ENGAGED WITH THEM:

In a competitive environment that is fast-changing we continue to foster relationships and to understand our clients' needs and expectations. We continuously work towards understanding our clients, customers, service providers and joint venture partners. We take an ethical approach to doing business and committed to open, clear and transparent business practices. Alignment on standards, requirements, service, objectives and customer satisfaction. B-BBEE scores meet key customers' requirements and *vice versa*.

We engage with them through various forums including:

- contract negotiations and ongoing interactions in the ordinary course of business;
- customer visits;
- quality and performance reviews;
- industry forums;
- supplier audits;
- service level agreements; and
- meetings, including site visits, one-on-one engagements, telephonic and electronic interaction.

HOW WE DELIVERED VALUE TO THEM:

We provided professional services, technical expertise, innovative business solutions, quality products and services and timeous delivery and payment. We ensured long-term continuity of supply and adhered to regulatory compliance and laws in the supply of ethical products. We continuously strive for good corporate governance practices and ethical behaviour. Through our procurement from community-based service providers, employment was created. We assisted with enterprise and supplier development. We continuously ensure appropriate environmental and social compliance and through a phased approach, we recently installed renewable energy on one of our farms, with phase 2 having commenced during the year.



ENGAGING WITH OUR REGULATORS

WHO ARE OUR REGULATORS?

Our primary regulators are the JSE, South African Revenue Service and various governmental departments. We also comply with regulatory bodies outside South Africa.

WHAT OUR REGULATORS EXPECT FROM US:

It is imperative for us to ensure compliance and maintain regular transparent relationships with all our regulators to ensure compliance with all legal and regulatory requirements and adhere to those institutions with standardised practices.

PRIMARY CONCERNS:

- Regulatory compliance
- Transformation and gender diversity
- Environmental responsibility
- Corporate social responsibility

HOW WE ADDRESS THESE CONCERNS:

- Regular regulatory submissions with policies and procedures in place to ensure compliance with all relevant regulations and authorities
- Representation on industry bodies
- Engagement on specific policy issues
- Sensitivity to employment levels in line with regulatory requirements and
- Investments in employee development
- The Group is committed to ethical business practices and supports social and environmental sustainability
- Our corporate social initiatives promote socio-economic development

HOW WE ENGAGED WITH OUR REGULATORS:

We maintained transparent communication, attention to detail, professionalism and prompt reactions to matters raised. We ensured resilient business and management practices and processes. We ensured compliance with all industry requirements and obtained clarity where necessary.

We participated in industry meetings and interacted with regulators and industry stakeholders to ensure sound regulatory frameworks. Overall, the Group maintained regular and transparent relationships with all regulators and complied with all regulatory and legal requirements. We continue to report on ethics, governance and the impacts on society and our environmental stewardship.

HOW WE DELIVERED VALUE TO OUR REGULATORS:

We contributed to government revenues, through the payment of direct, indirect and staff taxes and will continue to pay all taxes as required. We ensured that payments to regulatory bodies were made timeously to ensure compliance.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued



COMMUNITIES

WHO ARE THE COMMUNITIES WE SERVE?

The communities we serve are members of society and the environment.

WHAT THEY EXPECT FROM US:

They expect us to be a responsible corporate citizen and to partner with community initiatives, contribute to social and environmental issues and pioneer responsible corporate citizenship. They expect us to create awareness of social and environmental issues they are faced with and to assist them in obtaining the desired outcomes for their communities, their businesses and their families. We collaborate with them for the greater good regarding matters concerning society and the environment.

KEY ISSUES RAISED:

- Development of society through employment opportunities and internships
- Financial access for learnership programmes
- Social welfare
- Enterprise development
- Environment

HOW WE ADDRESS THESE CONCERNS:

- Creating employment opportunities
- Access to funding through defined programmes – bursary and learnership initiatives
- Back-to school programme – supply of learning material for school needs, thus ensuring students remain in school – over 450 school children benefited from this initiative in 2017
- Employee volunteerism – we encourage our employees to assist their communities by providing them with the time and resources needed to volunteer
- Employee participation in the Mandela Day Challenge – knitting of scarves and beanies for the underprivileged
- Quarterly programmes where we have financial and hands-on participation from employees
- Ensure that social welfare is aligned with national policies
- Contributing to the growth of small businesses through enterprise development initiatives
- Monthly payment of salaries to an NGO to employ Grade R teachers in one of our communities – this is the foundation for learning
- We are currently looking at exploring the opening of an environmental centre.

HOW WE DELIVERED VALUE TO THEM:

Our partnership with community-based entities resulted in the creation of new jobs and financial and in-kind support for new businesses. Support was provided for basic and tertiary education through our back-to-school bursary, tertiary and learnership programmes. Health, welfare and NGOs also received direct support. Paying our taxes and royalties to government also contributed to the welfare of society. Our support of local businesses resulted in the promotion of social and economic development. Our investment in education and training as well as development programmes will continue and will enhance further growth prospects. With the landscape changing in B-BBEE, we will continue to assist communities and businesses. Our socio-economic contribution is in compliance with requirements. We provided investment into research and educational bodies as well as academic partnerships. (*King IV™ – Principle 16*)

REPORT OF THE AUDIT AND RISK COMMITTEE

“What we think, or what we know, or what we believe is, in the end, of little consequence. The only consequence is what we do.”

John Ruskin

REPORT OF THE AUDIT AND RISK COMMITTEE

MR SALIM YOUNG – CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has a formal audit and risk charter with formal rules governing the services provided by the external auditors in terms of systems and processes. The charter was amended in terms of regulatory requirements and adopted during the year under review.

The volatile macroeconomic environment and increasing environmental and regulatory requirements continue to impact the Group.

In dealing with the challenges, the committee reviewed all significant risks and assessed the adequacy of control and the combined assurance delivered over the identified risks. It monitored the effectiveness of the control environment through reviewing reports from management, the external auditors and internal audit and ensured the quality of financial reporting by reviewing the 2017 interim financial results and the 2017 annual financial statements.

The committee reviewed the impact of the Company's medium- to long-term strategy against pertinent factors and conducted reviews of technology and communication, including cybersecurity and compliance governance to ensure that risk management was applied appropriately.

The committee reviewed the following:

- The quality and integrity of the integrated report, including the financial statements and public announcements in respect of the financial results
- The appointment, remuneration, performance and independence of the external audit and the audit process, including the approval of non-audit services by the external auditor
- The effectiveness of risk management and controls
- The effectiveness of the internal audit function
- Internal financial controls and systems
- Sustainability issues

- Technology and information governance
- Compliance governance.

For the purposes of determining the effectiveness of management systems and internal controls during the year, the committee reviewed the internal and external audit scope, plans and findings, as well as management reports.

The committee closely monitored the Group's Vision 2020 Vision strategic goals against targets set, continued to monitor key risks identified and their mitigation and how subsidiaries are performing to achieve the Group's strategy.

The membership of the committee in terms of skills and experience is strong. The varied experience of the committee members provides insight and perspective in terms of decisions and considerations.

The committee has fulfilled its statutory duties in terms of section 94(7) of the Companies Act and King IV™ compliance. The committee has complied with its legal and regulatory responsibilities for the 2017 financial year. (*King IV™ – Principles 10, 11, 12, 13 and 15*)



Salim Young
Committee chairman

ROLE OF THE AUDIT AND RISK COMMITTEE

The committee has an independent role with accountability to the Board and shareholders. The committee's role is to assist the Board in carrying out its duties relating to accounting policies, internal controls, financial reporting practices and identification of significant risk exposure.

The main purpose of the audit and risk committee is to ensure the integrity of the financial statements and to oversee the effectiveness of the internal financial controls and the external and internal audit functions.

REPORT OF THE AUDIT AND RISK COMMITTEE – continued

The audit and risk committee undertook a full review of the cost and scope of the audit function performed by the independent auditors of the Group. The committee recommended to the Board that the current auditors, Grant Thornton Cape Inc., be re-appointed as the Group's auditors. The audit budget was approved based on the value proposition. There were no non-audit services delivered during the audit. In terms of the Companies Act, the committee confirms that the same individual/audit partner has not served as the designated auditor of the Company for more than five consecutive financial years.

The Group has internal controls and systems designed to provide assurance as to the reliability and integrity of the financial statements. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss and to safeguard, verify and maintain accountability adequately for its assets. *(King IV™ – Principles 2, 4, 10, 11, 12, 13 and 15)*

The external and internal auditors had unrestricted access to the audit and risk committee and attended all the audit and risk committee meetings by invitation during the year ended 31 August 2017. Detailed reports were presented by the internal and external auditors. The chairman of the audit and risk committee reported on the findings at the Board meetings.

The external auditors can communicate with the chairman of the audit and risk committee and all its members throughout the year. The chairman of the committee is also available at the annual general meeting to answer questions about the committee's activities.

For the period under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.

FEEDBACK FROM THE AUDIT AND RISK COMMITTEE

In the conduct of its duties and in accordance with section 94 of the Companies Act, the committee reports as follows:

- Oversaw the development and implementation of the Group risk plan and strategy to ensure that the Group manages its risks in an optimal manner
- Approved, reviewed and evaluated the adequacy and efficiency of the risk policies, procedures and controls applied in the day-to-day management of the business
- The scope, independence and objectivity of the external auditors were reviewed

- The committee considered and determined the terms of engagement and fees of the external auditors
- The audit firm, Grant Thornton Cape Inc. and audit partner are, in the committee's opinion, independent of the Company and have been proposed to the shareholders for approval to be the Group's auditors for the 2018 financial year
- The appointment of the external auditor complied with the Companies Act and with all other legislation relating to the appointment of external auditors
- The committee reviewed and approved the fees proposed by the external auditors
- The nature and extent of non-audit services provided by the external auditors were reviewed to ensure that the fees for such services do not become so significant as to call their independence into question
- There were no non-audit services during the year under review
- Obtained assurance from the external auditors that adequate accounting records are being maintained
- Evaluated the independence, effectiveness and performance of the internal auditor and compliance with its charter
- Reviewed the annual financial statements, interim reports, results announcements, trading statements and similar documents
- Recommended to the Board the interim and preliminary announcements of results and reports to shareholders, the annual financial statements and integrated report having regarded all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgments and reporting decisions made, monitoring of enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information
- Reviewed the disclosure of sustainability issues in the integrated report
- Considered concerns regarding accounting practices and internal audit matters
- The appropriateness of the expertise and experience of the financial management team was reviewed and reported to be adequate

(King IV™ – Principles 2, 4, 5, 10, 11, 12, 13, 15 and 16)

RISK MANAGEMENT PROCESS

A key component of the audit and risk committee was to review the top eight risks that the AEEI Group faces in order to respond to new and emerging risks and to ensure alignment with regulatory changes as well as best practice. In doing so, the committee took into account stakeholder needs, corporate governance principles, risk trends, global trends and external dynamics. Refer to page 97 for the full risk management report.

COMPLIANCE

The audit and risk committee is responsible for reviewing the compliance with legal, regulatory, codes and other standards and continually monitors the implementation of the legal compliance processes. The audit and risk committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review. (*King IV™ – Principle 13*)

GROUP INTERNAL AUDIT

The Group internal auditor performs an independent assurance function. The Group internal auditor had unrestricted access to the Group CEO, the Group CFO and the chairman of the audit and risk committee.

The primary objective of the Group internal auditor during the year was to provide independent objective assurance and consulting activity on the adequacy and effectiveness of the Group's systems of governance, risk management and internal control and reports functionally to the audit and risk committee. The audit and risk committee monitored the effectiveness of the internal audit function in terms of its scope, independence skills, execution of its plan and overall performance.

The Group internal auditor recommended the annual audit plan for approval to the audit and risk committee. The audit and risk committee approved the formal internal audit plan, which included risk-based audits and improvements to Group's governance and business processes for 2017.

The system of internal control is designed to ensure that significant risks are appropriately identified, managed and provide reasonable assurance that:

- operations are efficient and effective;
- Company assets and information are safeguarded; and
- applicable laws and regulations are complied with.

The Group internal auditor undertook the following during the year under review:

- Performed reviews on the Company's governance processes and ethics
- Performed an objective evaluation of the internal control framework
- Systematically analysed and evaluated the business processes and associated controls
- Monitored and challenged, where appropriate, action taken by management with regard to adverse internal audit findings
- Provided a source of information on fraud, corruption, unethical behaviour and irregularities
- Followed a risk-based approach

Internal audits were performed at most subsidiaries during the year under review and no significant breakdowns in internal controls were identified. The internal audit takes a risk-based approach to audit planning. A formal report on the key findings of these audits was submitted to the audit and risk committee summarising the results of the internal audit activity and management's progress in addressing the control measures. This enabled the audit and risk committee to ensure that action was taken to address areas of concern. The written internal audit assessment to the Board and audit and risk committee on the overall internal control environment confirmed that there were no material breakdowns in internal controls (*King IV™ – Principles 11 and 15*)

The chairman of the audit and risk committee reports to the Board on the activities of the committee at each Board meeting.

EXTERNAL AUDIT

The scope, independence and objectivity of the external auditors, Grant Thornton Cape Inc., were reviewed. The committee considered the annual audit plan and related scope of work, determined the terms of engagement and fees of the external auditors. The audit firm, Grant Thornton Cape Inc. and audit partner are, in the committee's opinion, independent of the Company.

Grant Thornton Cape Inc. provided an audit opinion in accordance with the Companies Act, the JSE Listings Requirements and King IV™. Under company law, their responsibility is to the shareholders of the Group. In addition, they have professional responsibilities to report reportable irregularities, in terms of section 45(1) of the Auditing Profession Act, 2005.

REPORT OF THE AUDIT AND RISK COMMITTEE – continued

The audit was conducted in accordance with International Standards on Auditing (ISA) and the auditors' objective was to provide a comprehensive service to the Group.

The auditors have a statutory responsibility to report to the shareholders whether, in their opinion, the financial statements fairly present the financial position, results of operations and cash flow information of the Group, in conformity with IFRS and in the manner required by the Companies Act.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considered internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. The audit included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. (*King IV™ – Principles 15 and 16*)

As the auditors of a public interest Company, the same individual has not served as audit partner of the engagement for more than five consecutive financial years. Grant Thornton Cape Inc. has been the Company's auditors for the past four years, with Imtiaaz Hashim serving as audit partner for the second year.

The external auditors liaised with the Group internal auditor and attended the audit and risk committee meetings by invitation. As the auditors of the Company, they attend every annual general meeting where the annual financial statements of the Company for the financial year are presented, in order to respond accordingly and to answer any questions relevant to the audit of the financial statements.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

In terms of the JSE Listings Requirements, the audit and risk committee is satisfied that the CFO has the appropriate experience and expertise to meet the responsibilities of the position.

The audit and risk committee has considered the expertise of the finance department and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

RISK MANAGEMENT REPORT

The Board has delegated the management of risk to the audit and risk committee. The Board is committed to effective risk management in pursuit of the Group's strategic objectives with the aim of growing shareholder value sustainably. The Board continued to enhance its capabilities to anticipate risks and manage them. The Board realises that proactive risk management is both an essential element of good corporate governance and an enabler in realising opportunities.

BOARD

STRATEGY, RISK APPETITE AND POLICY



RISK OWNERSHIP

CEO AND EXECUTIVE
COMMITTEE



RISK CONTROL AND MONITORING

AUDIT AND
RISK COMMITTEE



INDEPENDENT ASSURANCE AND VALIDATION

INTERNAL AND
EXTERNAL ASSURANCE



DOING AND RECORDING

Delegated Board authority to:

- Develop and implement the business strategy;
- Measure and manage performance; and
- Implement internal control and risk management framework within agreed appetite.



INTERNAL VERIFICATION

Objective oversight of risks

Key activities include:

- Designing and deploying the overall risk management framework;
- Developing and monitoring policies and procedures; and
- Monitoring adherence to risk framework and strategy.



INDEPENDENT VERIFICATION

- Assurance that the risk management process is functioning as designed and identifies improvement opportunities
- Independent and objective assurance of the effectiveness of corporate governance standards and business compliance

MANAGEMENT-BASED
ASSURANCE

AUDIT AND RISK
COMMITTEE ASSURANCE

INDEPENDENT-BASED
ASSURANCE

RISK MANAGEMENT REPORT – continued

GOVERNANCE OF RISK MANAGEMENT

Overall, the Board is accountable and responsible for the governance of risk and is committed to effective risk management in pursuit of the Group's strategic objectives. The Board is assisted by the audit and risk committee, which reviews and monitors the effectiveness of the risk management processes within the Group in accordance with corporate governance requirements.

The Group complies with a risk management policy that was approved by the audit and risk committee to ensure that a best practice risk assessment approach is followed. The committee ensures that the risk management process complies with the relevant standards and works effectively. The Board oversees the activities of the audit and risk committee, the Group's external and internal auditors as well as the Group's risk management function.

The executive committee of the divisional subsidiaries and associate companies are accountable and responsible for managing risks within their business units and may delegate specific responsibilities appropriately. This process is evaluated by the Group internal audit, who provided the audit and risk committee with assurance that significant business risks were systematically identified, assessed and reduced to acceptable levels in line with the Board's risk appetite.

OUR APPROACH TO RISK MANAGEMENT

During the year under review, the Group's risk management approach continued to evolve, was flexible and relevant to the business needs in an ever-changing environment. The audit and risk committee continued to assess, manage and report on all significant risks, their impact on the business and the mitigation of the risks.

The committee also assessed whether the risk process is effective in identifying and evaluating risks to determine whether the business operations have managed the risks in line with the Group's strategy. It considered the impact of risks on the sustainability of the business and the external and internal environments, in order to identify key developments related to our risks, implications and responses. The responsibility for monitoring the management of each of these risks is assigned to the executive management of each business unit. The risks are then considered at a Group level through the monitoring process of the audit and risk committee.

In order to enhance the effectiveness of risk management in the Group, the committee engaged the services of Nexia SAB&T to perform an independent gap analysis to benchmark the current internal audit and risk management structures and practices against:

- the International Standards for the Professional Practice of Internal Auditing; and
- the risk management maturity and internal audit maturity models.

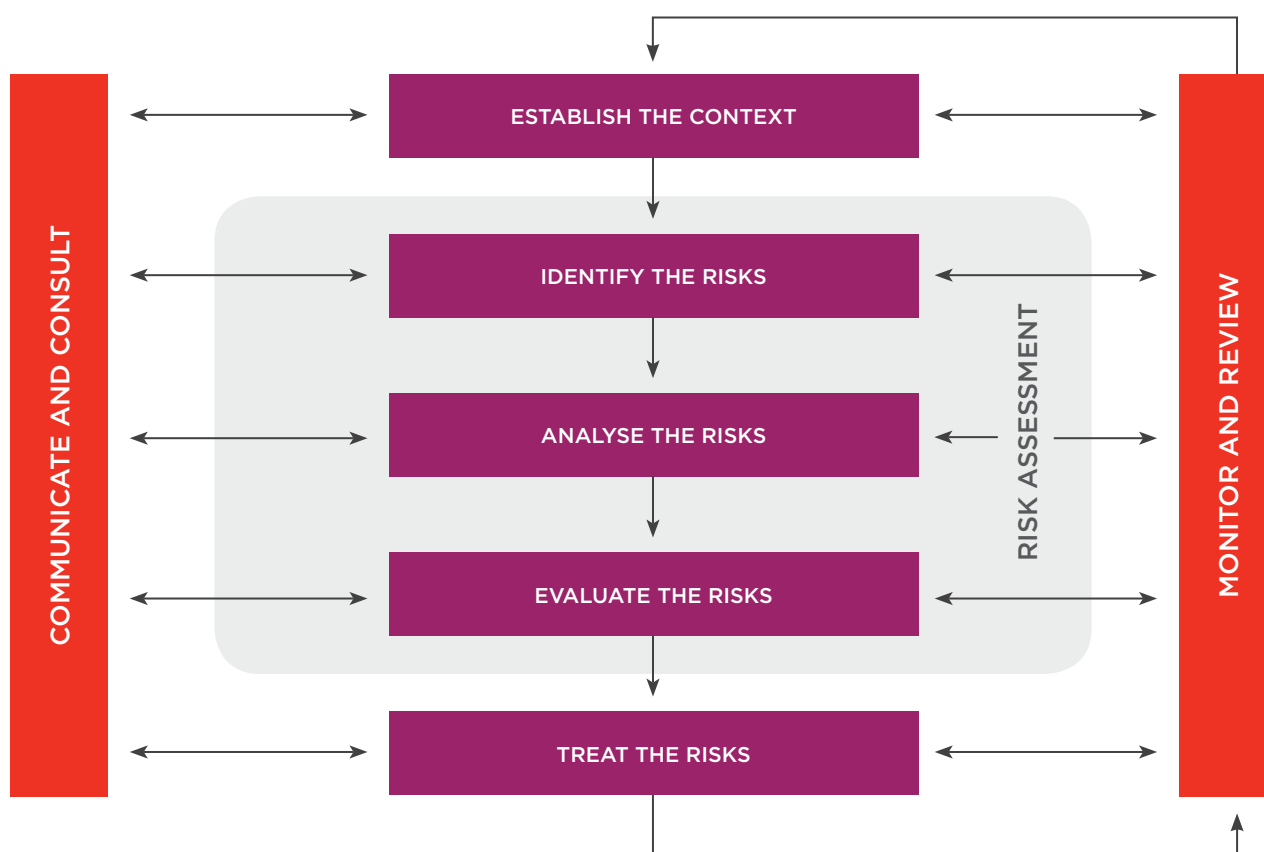
The results of the analysis revealed compliance with the said requirements. However, Nexia SAB&T identified a few areas for improvement. Management has already implemented some of the recommendations made and continues to work on the other areas that have been identified.

Risk registers are tabled at each Company and subsidiary Board meeting under the categories of financial, operational, strategic, legal compliance, human resources, economic, information and technology and environmental risk. Action plans are monitored and discussed to reduce the risks to acceptable levels. From the risk evaluation in the risk register, significant risks are reported to the audit and risk committee, who in turn reports these risks to the Board. The Board is able to oversee the risk management process at Group level.

RISK MANAGEMENT PROCESS

With the application of the risk management policy, potential risk exposures are identified, assessed on their likelihood of occurrence and impact of the outcomes and evaluated by using the risk tolerance as identified in the risk management policy.

The structure of our risk management process is set out below. This structure was rolled out across the entire Group and is in line with industry standards.



Establish the context	Consider the internal and external environment within which the risks are present
Risk identification	Identify all possible uncertainties (risks) that may impact and prevent the organisation from achieving its objectives
Risk analysis	Analyse and assess the risk in terms of likelihood and impact
Evaluate the risk	Comparing the level of risk found during the analysis process and decide whether these risks are acceptable or require treatment
Risk treatment	Identify actions and controls to manage the inherent risks to an acceptable residual level and assess the effectiveness of actions and controls
Monitoring and reviewing	Monitor risks and review the effectiveness of the treatment plan, strategies and management system
Communicate and consulting	Communicate and consult those who are involved in the assessment of risk and engage those who will be involved in the treatment, monitoring and review of risk

RISK MANAGEMENT REPORT – continued

In fulfilling its mission, AEEI is exposed to a broad range of risks which arise as a consequence of its business operations and performing its duties. AEEI's risk management charter acknowledges that the success of AEEI is dependent on the effective management of those activities that support the key strategic objectives and value drivers as outlined in the Vision 2020 Vision strategic plan and that all activities have an associated element of inherent risk. It is imperative that all levels of the organisation assess risk in order to effectively identify and appropriately address them.

The risk management policy defines the critical processes for identifying risks and prioritising and proactively managing those risks. The resulting residual risk level is that measure of risk exposure remaining following the implementation of mitigation and management strategies.

RISK APPETITE AND TOLERANCE

In support of effective governance and risk-informed decision-making, the Board of AEEI has set out a risk appetite statement for those risks which, to a lesser or greater extent, are within its control to mitigate and manage. The risk appetite statement specifies the types of risks AEEI is willing to accept in fulfilling its mandate and informs policies on the allocation of accountabilities and resources to managing its risk exposures.

We define risk appetite as the amount and type of risk that we are willing to take in order to meet our strategic objectives.

We define risk tolerance as the amount of risk that we are willing to bear and cope with despite controls.

RISK MANAGEMENT RESPONSIBILITIES

In applying the Group's strategy, we implemented the risk management process based on the approved risk management policy. The policy document defines the objectives, methodology, process and responsibilities of the various role players. The policy is subject to annual review and any proposed amendments are submitted to the audit and risk committee for consideration and recommendation to the Board for approval.

During the year under review the committee undertook the following functions:

- Assisted the directors in fulfilling their responsibilities to ensure the risk management process is effective and in place throughout the Group
- Evaluated reports from the internal auditor concerning the Group's risk management, compliance processes and controls in order to oversee the effectiveness thereof
- Assessed reports from divisional management concerning business, operational risk and compliance risk in order to oversee these risks and assess their impact on the Group
- Received reports from management concerning the resolution of significant risk exposure and risk events, in order to monitor and approve them in accordance with the Board's risk appetite
- Ensured that the Group complied with applicable external and regulatory obligations and significant internal policies relating to the operation of its business units
- Assessed whether IT risks are adequately addressed through the risk management and assurance processes of the Group
- Facilitated communication of risk issues to all management
- Approved the updated risk management charter and amended risk management policy

The Board is committed to a process of risk management that is aligned to the principles of King IV™.



The significant risks that currently impact the Group are:

RISK CATEGORY	RISK NAME OR IMPACT ON BUSINESS	MITIGATION
FINANCIAL	<ul style="list-style-type: none"> Limited access to funding may slow down the ability to capitalise on the various niche growth initiatives in the biotech companies Long sale cycles to obtain new business and new markets may result in financial loss 	<ul style="list-style-type: none"> The sources of funding have been allocated to each project based on an approved business plan and this is monitored by the Group's finance team to ensure that it meets the Group's strategic objectives. Adequacy of working capital is assessed to ensure sufficient funding for new business development and loan recovery procedures are aligned to the risk appetite of the Group.
RANK 1	RESIDUAL RISK LEVEL Medium	MATERIAL ASPECT AFFECTED Financial
STRATEGIC	<ul style="list-style-type: none"> Exposure to significant large customers or product may make the Group dependent on the customers' financial viability or capacity in the technology, health and beauty and events and tourism sectors Re-allocation of the long-term fishing rights may impact the profitability of the fishing and brands division The ever-changing economic landscape creates a need for innovation to drive growth. This brings a risk appetite that may not be aligned to the Group strategy. 	<ul style="list-style-type: none"> Growth and diversification initiatives are being pursued to expand the operations to be less dependent on one source of income from customers or products. Close working relationships with principals and customers are maintained to retain viable products Uncertainty of the fishing rights allocation has resulted in active engagement with communities and government to monitor policy and processes. Diversification into other products to reduce the impact on growth strategy. The investment committee will consider the risk appetite in relation to the investment opportunity and recommend to the Board that the investment opportunity is in line with Group's overall strategy.
RANK 2	RESIDUAL RISK LEVEL Medium	MATERIAL ASPECT AFFECTED Financial and macroeconomic

RISK MANAGEMENT REPORT – continued

RISK CATEGORY	RISK NAME OR IMPACT ON BUSINESS	MITIGATION
ECONOMIC	<ul style="list-style-type: none"> Exchange rate volatility may have both a negative and positive impact on business performance 	<ul style="list-style-type: none"> Exchange control is monitored regularly with efficient management of overhead and cost structures in place to ensure that all volatile environments have a lesser effect on the operations.
RANK 3	RESIDUAL RISK LEVEL Medium	MATERIAL ASPECT AFFECTED Business operations
HUMAN RESOURCES	<ul style="list-style-type: none"> Intellectual property resides substantially in the knowledge of employees and not in patents and physical technology, hence skills retention and succession planning remain a constant challenge for all divisions The inability to recruit skilled employees and the challenge of training inexperienced employees could take longer than anticipated and could affect the overall Group strategy 	<ul style="list-style-type: none"> A continuous review of employee training, development and succession planning occurs annually to ensure alignment with the Group strategy Constant improvements on training procedures and better recruitment policies have been implemented to recruit and retain high-calibre personnel
RANK 4	RESIDUAL RISK LEVEL Medium	MATERIAL ASPECT AFFECTED Human capital
INFORMATION TECHNOLOGY	<ul style="list-style-type: none"> Rapid advancement of technology increases competition and dependence on third parties for software platforms that remain relevant and current to customers 	<ul style="list-style-type: none"> Strategic objective to obtain software offerings to complement product portfolio in the technology sector Invest in redevelopment of owned software, mobile applications and business practice and development as well as provide cloud infrastructure and monitor online presence Successful intensive local trials and education have increased market acceptance and recognition received from regulatory bodies
RANK 5	RESIDUAL RISK LEVEL Medium	MATERIAL ASPECT AFFECTED Innovation and business operations

RISK CATEGORY	RISK NAME OR IMPACT ON BUSINESS	MITIGATION
LEGAL AND COMPLIANCE	<ul style="list-style-type: none"> Compliance with JSE Listings Requirements and all legislation and regulations requires the Group to constantly adapt to keep abreast of the latest changes Industry regulations can have an impact on business performance and reduce the sustainability of the operations in the fishing and health care sectors Lower B-BBEE rating due to amended codes may impact market positioning 	<ul style="list-style-type: none"> Training and awareness are continuously assessed and provided across the Group Policies and procedures are updated to adapt to all new regulations and legislative requirements Risk management processes are evaluated by executive management, and the impact of industry regulations on operations are considered and action plans developed to reduce the risk to an acceptable level Strategic planning is underway to improve low scoring areas and tactical areas are being actively pursued
RANK 6	RESIDUAL RISK LEVEL Low	MATERIAL ASPECT AFFECTED Social and relationship capital
ENVIRONMENTAL	<ul style="list-style-type: none"> Environmental challenges include carbon emissions impact, waste management, climate change and marine coastal management which must be reviewed constantly Environmental conditions have an effect on the production of fish resources and impact the consumption of our products: <ul style="list-style-type: none"> adverse weather conditions affect landings of fish stocks water temperature variables and disease affect the location uncertainty in the distribution and availability of certain marine resources due to changes in sea variables 	<ul style="list-style-type: none"> Adherence to marine management policies from the Marine Coastal Management to ensure no over-fishing. Recycling and better waste removal techniques are being employed across the Group Mitigation of these risks comes from constant monitoring of these environmental variables to allow flexibility in our response to these external factors Increase acquisition of outside quota holders rights for certain fish species to reduce the impact of declining fish biomass and total allowable catch or effort
RANK 7	RESIDUAL RISK LEVEL Low	MATERIAL ASPECT AFFECTED Natural capital – the environment
OPERATIONAL	<ul style="list-style-type: none"> Labour strikes and salary demands can bring disruption to the business operations and delay the ability of the companies to produce The uncontrollable increasing cost of diesel and electricity increases the cost of doing business and reduces profitability 	<ul style="list-style-type: none"> Active engagement with key stakeholders to ensure the impact on the operations is reduced A pilot phase of renewable energy was implemented at the abalone farm. This process will be carried throughout the rest of the farm through a phased approach. To date the project is in its third phase
RANK 8	RESIDUAL RISK LEVEL Low	MATERIAL ASPECT AFFECTED Social and relationship capital Natural capital – the environment <i>(King IV™ – Principles 4, 5, 11 and 15)</i>

TECHNOLOGY AND INFORMATION

The Board is responsible for technology and information governance in the Group and has delegated the management of technology and information governance to the audit and risk committee.

The audit and risk committee governs technology and information in a way that supports the organisation in setting and achieving its strategic objectives and has delegated this responsibility to management to implement and execute effective technology and information management. Management is accountable for operational governance of technology and information management.

“The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.”

Bill Gates

GROUP IT STRATEGY

The technology and information environment is fully covered through King IV™ and is fully integrated into the Group's strategic planning process to ensure strategic, tactical and operational alignment in the achievement of the Group's objectives. An annual report on technology and information governance is tabled at the audit and risk committee meeting to address any significant technology and information investment, risks and matters to be considered to ensure compliance with the governance framework. The primary focus during the year was to review and approve the Group's technology and information strategy to ensure that there is good governance throughout the ecosystem by ensuring the effectiveness and efficiency of the Group's systems from a strategic alignment and risk perspective.

DIGITAL REVOLUTION

Business leaders are urgently trying to keep abreast of the surging pace of digital transformation globally. Information technology (IT) security can no longer be an afterthought, as the digital economy accelerates and consumers and organisations become increasingly interconnected. Security must be the foundation on which solutions are built.

IT security incidents, such as ransomware attacks this year, occasion a large but reactionary response from companies and industries. However, this typically happens after significant damage has been done.

The world continues to evolve due to significant trends such as:

- IT automation and analytics are two key trends accompanying artificial intelligence, which is starting to play a significant role in IT security.
- further personal data legislation has a significant global impact on how companies secure their data and protect their digital assets;
- mobile devices with pervasive connectivity to the internet, as broadband data reduces in price and increases in availability, results in new heights of social media interaction on a business and personal level;
- cloud computing, which provides access to high-level, utility-based, location-independent and capital-light computing resources and agility;
- an increase in data that needs to be stored, managed and interpreted for business advantage; and
- the increase in connected devices installed to on-board computers giving rise to the internet of real-time exchange of information between connected devices.

REPORT OF THE COMMITTEE

An integrated approach for technology and information governance in all the business units was implemented and all divisions in each subsidiary have followed the Group user policies and security practices within the technology and information environment.

Group synergies continue to be sought in the following areas:

- Innovation and best practice:
 - The Group collaborates and shares in areas of new skills with further enhancement envisaged in the formation of shared competency groups
 - Integration of technology and information risks
 - Proactive monitoring of intelligence to identify and respond to incidents, including cyberattacks and social media events
- People:
 - The integration of people, technologies and information across the Group
 - The continual development of our IT professionals in the Group is critical in a rapidly changing environment, with due consideration being given to new appointments for diversity and transformation targets
 - Ethical and responsible use of technology and information
- Value:
 - Adoption of a compliance technology architecture towards establishing a robust system of record that proves a state of compliance and documents any change made, thus providing a complete audit trail
 - Key suppliers are sought to optimise procurement and service levels across the Group, with shared services where appropriate and new opportunities being investigated
 - Evaluation of projects throughout their life cycles and significant operation expenditure
 - The leveraging of information to sustain and enhance the Group's intellectual capital

During the year under review the committee undertook the following to ensure best practices:

- All changes to the IT systems followed an official change control process, where detailed testing of the changes was documented including the impact of the change, the associated risk and the back-up plan detailed.

- All systems were backed-up daily and stored off-site. Quarterly restore tests were done to ensure that the backups were working.
- All servers and workstations have the latest operating system patch level, all security updates are applied and compliance is monitored to ensure that the organisation is protected from security threats.
- All servers and workstations have the latest anti-virus patch levels applied to monitor compliance to ensure the organisation is protected from security threats.
- A disaster recovery/business continuity plan is being re-drafted with regular testing done to ensure that disaster does not impact the business.
- Firewalls, password management and remote access are in place to ensure that the organisation is not at risk of a security breach.
- Regular changing of passwords measures are in place.
- Restrictions to websites that pose a security threat are in place.
- Restrictions on who can access what, whether it is external or internal to the organisation have been applied.
- Strong password controls are in place and the network password policy was reinforced.
- A formal incident, fault call logging process is in place to ensure that issues are dealt with speedily.
- We instituted ransomware mitigation procedures and ESET antivirus software is updated regularly on all workstations and the server.

(King IV™ – Principle 12)

RISK MITIGATION

The ever-changing environment brings with it the complexities of managing information risk and the Group is applying the appropriate operational and technology interventions to manage these challenges.

As the Group is dependent on IT to meet its business needs and sustainability objectives, all identified risks are monitored and reduced to an acceptable level by executive management. The Group prides itself on the high standard of security monitoring, data protection, business service availability and network reliability. It ensures that IT maintenance is performed and reviewed constantly.

Although no material risks were reported on during the year under review, we are cognisant of cybersecurity and the implications thereof, taking into account the protection of our stakeholders, which remains a

TECHNOLOGY AND INFORMATION – continued

high priority. One aspect driving risks and security is our governance and internal audit to ensure that the organisations information assets are secure.

We constantly address best practices, threats from phishing, ransomware and other cyberthreats which could have an impact on business operations, financial statements, legal exposure and the Company's reputation. *(King IV™ – Principle 11)*

TECHNOLOGY-ENABLED SOLUTIONS – CHANGING ROLE OF IT

In terms of our Vision 2020 Vision strategy, the Group is looking into the technology landscape and systems, taking into account the current systems. An assessment was done for an integrated technology system that would be able to accommodate all companies within the Group, taking into account the different needs of each individual company. A system was identified for the Group with future additional benefits that over time could be implemented through a phased approach.

Key to considering the new technology was the multi-user environment and data being generated in a variety of options, thus reducing the risk of errors, audit trails, document managers, improved workflows, multiple reviewers and consolidation of information and maintenance costs. The new technology will be implemented through a phased approach, with phase 1 commencing November 2017.

The Group's current focus is on maintaining the existing traditional enterprise systems where operational reliability is paramount. The current systems have necessitated the need for enhancements within the Group's business units and consolidation for improved corporate controls and reporting.

The Group is currently looking into an effective integrated framework and compliance technology architecture to support compliance risk management with various capabilities.

Our technology division continues to provide technology-enabled solutions which add value to our customers by:

- enhancing current services;
- providing productivity solutions to optimise business activities;
- providing integrated business solutions;
- providing consultative advice based on business needs;
- offering an integrated range of services;
- being specialists in its field; and
- providing client-centric security strategy and management services.

The digitised cloud-enabled world has many IT products and services readily available for business consumption, necessitating additional requirements from the technology division for its clients.

The Board has oversight over the effectiveness of technology and information governance through the delivery of the integrated report and the approval of governance framework and policy.

The Board oversees:

- The adoption of a governance framework and review IT policies that will detail the strategic direction on the use of technology and information;
- The new report from management will contain the following objectives in terms of compliance:
 - Activities and functions of the IT strategy are aligned to the business strategy
 - The optimal investment made in IT – costs are managed and the return on investment measured
 - IT risks are identified and adequately addressed and assurance is obtained to ensure that the IT control framework is in place to address IT risks
 - IT resources are sourced within subsidiary companies or externally
 - Information, IT assets and intellectual property contained in the IT systems are protected and effectively managed and used
 - IT has adequate business resilience arrangements in place for disaster recovery
 - Information management is a joint IT and business responsibility
 - IT governance conforms to laws and related rules, codes and standards are considered
 - The use of IT is sustainable with respect to the environment and security
 - Synergies between IT initiatives and the benefits to the organisation as a whole and individual business units

(King IV™ – Principle 12)

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairman of the audit and risk committee reports to the Board on the activities of the committee at each Board meeting.

REMUNERATION COMMITTEE **REPORT**

“Society as a whole benefits immeasurably from a climate in which all persons, regardless of race or gender, may have the opportunity to earn respect, responsibility, advancement and remuneration based on ability.”

Sandra Day O'Connor

REMUNERATION REPORT

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE – MR SALIM YOUNG

I am pleased to present AEEI's 2017 summarised remuneration report on behalf of the remuneration committee.

Reporting and disclosures are evolving to ensure that stakeholders are able to understand how remuneration decisions are made in order to assess the outcome of these decisions. Shareholder focus remains on ensuring pay for performance and alignment with shareholder goals and enhanced disclosure so that shareholders can understand the quantum, rationale and drivers of executive remuneration.

In South Africa, good governance, ethics and leadership regarding remuneration is primarily informed by King IV™. This report highlights the key components of our policy and how these align to our performance and strategic objectives for the 2017 financial year.

The committee was tasked by the Board to approve and oversee the implementation of the remuneration policy enabling it to achieve the Group's strategic objectives, translating into market-related yet affordable performance-linked rewards and to ensure balanced and transparent outcomes that align with shareholder interests over the short and long-term. Ultimately our policy enables the attraction and retention of valuable talent.

Remuneration and reward systems remain sensitive matters, especially in the socio-political environment. Our approach to remuneration aligns to our ethics, corporate governance philosophy and shared values – respect and trust, people, integrity, accountability,

stakeholders, commitment and investment. During the past year, we introduced a few non-material changes to the remuneration policy, strategy and associated practices in alignment with best practices, but have kept our core remuneration policy and principles consistent. We will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy.

Executive remuneration and the governance of remuneration continues to remain a feature of the corporate governance landscape while the issue of income differentials and the steps necessary to address these continued to enjoy prominence in the local and international market. It is fundamental to our core remuneration principles that executive remuneration is aligned to the Group's performance. Income differentials are an important topic within the Group and the remuneration committee remains committed to monitoring and addressing this critical issue.

The alignment of our executives' remuneration to the long-term strategic goals of the Group to deliver sustainable value to shareholders and building the business remained a key focus during the year. Some decisions and their related impact in setting targets in terms of performance-related remuneration were made for the executive and senior management of the Group. Weightings of performance as well as specific financial targets were reviewed and amended accordingly for the year under review. The committee was satisfied and will continue to monitor remuneration against the appropriate strategic objectives, performance and market benchmarks.

REMUNERATION COMMITTEE REPORT – continued

The committee had an independent third party perform a market comparison against our peers in other businesses. The comparison was used to determine where we should remunerate. The committee reviewed the targets set in terms of performance-related remuneration for the CEO, the executive management team and senior management in the Group which include individual performance factors and a combination of portfolio-specific targets. The CEO and executive management team's performance are assessed against a set of predetermined objectives that include, *inter alia*, strategic leadership, execution of the strategy through business results and stakeholder relations. The Board recognises that the successful delivery of the Group's objectives should constitute both financial and non-financial performance measures, with the key financial measures which include profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group.

The committee remains mindful to ensure overall remuneration was appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives.

During the financial year, the remuneration committee received guidance from the following independent advisors:

- An external advisor
- PE Corporate Services – executive salary benchmarking and job grading

The committee conducted a detailed review of each of the three senior executive's performance for the 2017 financial year and recommended to the Board that a bonus be paid using the Matrix guidelines based on

financial and qualitative performance. The committee agreed to recommend to the Board the approval of a general salary increase based on the current price index of 7% for all employees in the Group.

We remain committed to closing the wage gap and pay particular attention to those at the lower end of the earnings spectrum and consistently applied the principle that our remuneration should be fair and competitive and should reflect the performance of the business and the business units.

Our ethos is one of appreciation for commitment, diligence, care and attention to detail. We respect and recognise our employees for their contribution made during the year and inspire them to realise their full potential and we believe in rewarding accordingly.

This report is part of the remuneration report and will be put to a non-binding advisory vote by shareholders at the upcoming AGM. It summarises the Company's remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the Board on the recommendation of the remuneration committee.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.



S Young

Chairman of the remuneration committee

(King IV™ – Principles 13 and 14)

ROLE OF THE REMUNERATION COMMITTEE

The remuneration committee's main purpose is to implement the guiding principles in the application of remuneration governance, practices and policies and to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long-term.

REMUNERATION POLICY

INTRODUCTION

The AEEI Group's remuneration committee is primarily responsible for overseeing the remuneration and incentives of the Group's executive directors and key management, as well as providing strategic guidance.

To assist in the achievement of AEEI's long-term strategic goals, the remuneration committee has put a formal remuneration policy in place. Each major subsidiary has its own remuneration committee and a policy specific to its business unit, including the industry in which it operates taking into account AEEI's long-term strategic goals.

The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies and guiding principles of a standardised approach in the application of remuneration practices within all the business units and functions.

The remuneration committee's main purpose is to implement the guiding principles in the application of remuneration governance, practices and policies and to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long-term.

OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

The remuneration policy is aimed at aligning remuneration practices that will enable the committee to achieve the Group's strategic objectives, translating into market-related yet affordable performance-linked rewards and to ensure balanced and transparent outcomes that align with shareholder interests over the short and long-term and ultimately enable the attraction and retention of valuable talent. Our approach to remuneration aligns to our ethics, corporate governance philosophy, shared values and best practices.

The remuneration policy is designed to achieve the following strategic objectives:

- Support the attainment of AEEI's strategic business objectives and strategies
- To attract, retain and motivate key and talented individuals
- Compete in the market place to be an employer of choice
- Reward individual, team and business performance and encourage superior performance
- Support the key values of AEEI
- To promote the achievement of the Group's strategic objectives within the organisation's risk appetite
- To promote positive outcomes
- To promote an ethical culture and responsible corporate citizenship

The remuneration policy addresses the organisation's remuneration and includes provision for the following:

- Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation.
- The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organisation operates and all the capitals that the organisation uses or affects.
- Enable the Company to attract, engage and retain talent to drive performance and to meet the strategic objectives of the Company.

EXECUTIVES AND EMPLOYEES

The remuneration of the executives is reviewed annually by the remuneration committee, which seeks to ensure that balance is maintained between the fixed (base salary) and variable (discretionary bonus) elements of remuneration, as well as between short-term (base salary and discretionary bonus) and the long-term financial performance objectives of the Group.

REMUNERATION COMMITTEE REPORT – continued

Cost-to-company remuneration incorporates the following elements:

BASE SALARY

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 September of each year, coinciding with the commencement of the Group's financial year. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes.

BENEFITS

Benefits form part of the total cost-to-company and include:

- membership to the pension/provident fund (providing death, disability and dread disease benefits);
- medical aid;
- unemployment insurance fund; and
- funeral cover.

COMPLIANCE

The remuneration policy is reviewed each year to ensure that the remuneration framework remains effective in supporting the achievement of the Company's business objectives and remains in line with the best practice. AEEI complied with the remuneration policy, relevant remuneration governance codes and statutes. The recommended practice as stated under Principle 14 of King IV™ has been applied and is explained throughout this report through the outcomes achieved.

During the year, the committee engaged the services of an independent external advisor in support of our endeavours to act independently and provide specialist input.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Executive directors do not have fixed-term contracts but have permanent employment agreements with the Company. The remuneration of executives is determined

on a cost-to-company basis and is subject to an annual review by the remuneration committee. Provident or pension fund and health care provision form part of the overall cost-to-company packages. Executive directors are members of the Group's provident fund and are required to retire from the Group as a director of the Board at the age of 65, unless requested by the Board to extend their term. There are no other special benefits for executive directors.

PUBLIC OFFICER

The public officer, Mr Khalid Abdulla is not remunerated for his role as the public officer of the Company.

PERFORMANCE APPRAISALS

Performance appraisals of the executive management team are done by the committee on an annual basis. Line managers and divisional managers also conducted performance appraisals on staff in the Group. The CEO conducted the performance appraisals of the divisional heads in the Group and provided feedback to the committee.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The non-executive directors receive fees for serving on the Board and Board committees. The fees for non-executive directors are reviewed annually by AEEI's executive committee and thereafter to the remuneration committee, which seeks to ensure that fees are market-related and presented to shareholders for approval. The Board recommends the fees to shareholders for approval at the annual general meeting of the Company. Consideration is given to the relative contribution of each non-executive director and their participation in the activities of the Board and its committees. Changes to the fee structure are effective 1 September, subject to the approval by shareholders at AEEI's annual general meeting held in February of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. In the event of non-attendance on a regular basis, same may be reviewed.

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION

The 2017 remuneration of the executive directors is set out in the table below:

EXECUTIVE	K Abdulla R'000	C Ah Sing R'000	CF Hendricks R'000	Total R'000
Salary	2 373	1 152	801	4 326
Bonus	1 250	180	205	1 635
Provident fund	324	157	180	661
Expense allowance	38	15	15	68
TOTAL	3 985	1 504	1 201	6 690

The 2017 remuneration of the non-executive directors is set out in the table below:

NON-EXECUTIVE	VC Mehana R'000	S Young R'000	JM Gaomab R'000	AB Amod R'000	Total R'000
Directors' fees	397	340	198	198	1 133

Mr TT Hove and Ms Z Barends waived their non-executive fees.

AEEI covers all reasonable travelling and accommodation expenses incurred to attend Board and committee meetings.

Non-executive directors do not have any employment contracts, nor do they receive any benefits associated with permanent employment.

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

In the event that less than 75% support for the above-mentioned reports are achieved at the annual general meeting, the Board will invite dissenting shareholders to send reasons for such votes in writing, whereafter further engagements may be scheduled to appropriately address legitimate and reasonable objections and concerns raised.

IMPLEMENTATION REPORT

This part of the report focuses on the performance outcomes against the targets set for 2017.

SALARY INCREMENT

The committee reviewed the targets set in terms of performance-related remuneration for the CEO, executive management team and senior management in the Group which includes individual performance factors and a combination of portfolio-specific targets.

For the year ended 31 August 2017, a general salary increase was approved based on the yearly average current price index of 7% for all employees in the Group.

DISCRETIONARY BONUS

For the year ended 31 August 2017, the discretionary bonus was calculated as a percentage of the qualifying executive/senior management/employee's base salary according to seniority and the level of responsibility assumed. Qualifying executives and senior management received a discretionary cash bonus dependent on meeting both financial and qualitative strategic performance objectives. Employees received a discretionary cash bonus dependent on meeting both personal and the Company's strategic objectives. Financial, qualitative, personal and Company strategic performance are aimed at ensuring sustainable

REMUNERATION COMMITTEE REPORT – continued

long-term value creation to the benefit of all stakeholders. The total base salary and bonus paid were considered to be fair to the Company and the executive/senior manager/employee.

For the year ended 31 August 2017, the CEO and executive management team's performance was assessed against a set of predetermined objectives that include, *inter alia*, strategic leadership, execution of the strategy through business results and stakeholder relations. The successful delivery of the Group's objectives constitute both financial and non-financial performance measures, with the key financial measures which include profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group.

The committee remains mindful of ensuring that overall remuneration was appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives. (*King IV™ – Principle 14*)

A copy of the full remuneration policy is available on www.aeei.co.za.



COMPENSATION – GUIDING PRINCIPLES

- Differentiated total reward distinguishing six categories of employees: wage earners, salaried employees, general managers, senior managers and executive and non-executive directors
- Transparent communication of reward in general while respecting confidentiality of individual personal reward information
- No unfair pay discrimination
- Affordability
- Conservative approach towards employee taxation
- Compliance to relevant Acts

COMPENSATION BENCHMARKING POLICY

- The Company benchmarks total packages against market value in job segments.
- To establish market values, the Company conducts and participates in South African salary surveys. In light of these surveys, a reference salary is determined by job segment, by level, nationally across all industries.
- Different types of jobs on the same level will not necessarily carry the same reference salary. Each level may cover a number of reference salaries.
- An employee's positioning with the applicable salary range will be influenced by a combination of factors such as relevant work experience, competence, performance and internal, historical and market influences.
- The Company may intentionally compensate employees above the reference salary to attract and retain critical employee segment skills or scarce skills.

SUCCESSION PLANNING

The Board recognises its responsibility to make provisions for competent leadership for the Group. In fulfilling this responsibility, the Board also acknowledges that situations may arise which require a need for interim leadership and that future leadership transitions are inevitable.

The purpose of succession planning is to ensure that plans are in place to develop potentially suitable candidates for the future. The focus also remains on the retention of key and critical skills in the Group. Succession planning is reviewed periodically and provides for both succession in emergency situations and succession over the longer term.

The succession plan is designed to address each of the following situations:

- Provision for leadership during anticipated or unanticipated short-term absences of the CEO
- Planned resignation – in the event of a permanent leadership change, the process for conducting a CEO search
- Provision for leadership during anticipated or unanticipated short-term absences of the chair
- Planned resignation – in the event of a permanent leadership change, the process for conducting a chair search.

REMUNERATION REPORT – KEY STATISTICS

	2017 R'000	2016 R'000
Total rand value of compensation paid to executive directors – executive directors do not have share options	6 690	5 819
Average compensation per executive director (rand) – executive directors do not have share options	2 230	1 939
Total compensation paid to prescribed officers – the prescribed officer is not remunerated separately	0	0

SOCIAL AND ETHICS COMMITTEE REPORT

“Ethics is knowing the difference between what you have the right to do and what is the right thing to do.”

Unknown

ROLE OF THE SOCIAL AND ETHICS COMMITTEE

The committee was established to assist the Board in ensuring that the Group is and remains a committed socially responsible corporate citizen and reports on organisational ethics, sustainable development and stakeholder relationships. This role includes organisational ethics and covers the statutory duties and to encourage leading practice by having the social and ethics committee progress beyond mere compliance to contribute to the creation of value in the Group.

The commitment to sustainable development involves ensuring that the Group conducts operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development, social and ethics-related matters and ensure that the Group is and is seen to be a responsible corporate citizen.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The social and ethics committee assisted the Board in ensuring that the Group is and remains a committed, socially responsible corporate citizen. It performed the statutory functions required in terms of the Companies Act and King IV™. The committee's commitment to sustainable development involved ensuring that the Group conducted its operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. The committee provided support, advice and guidance on the effectiveness, or otherwise of management's efforts, in respect of sustainable development and social and ethics-related matters. The committee updated the Code of Ethics and Code of Conduct during the year. The Company is reviewing the development of a compliance framework and dashboard.

During the year under review, the committee undertook the following:

- Governed the ethics of the Group in a way that supports the establishment of an ethical culture and monitored the Group's activities, having regard to all relevant legislation, legal requirements, codes of best practice through ongoing staff awareness around the following policies:
 - The Way We Work Policy
 - Anti-corruption and Bribery
 - Code of Conduct
 - Code of Ethics
- Ensured that employees and stakeholders familiarised themselves with the organisation's ethical standards
- Exercised ongoing oversight of the management of ethics and in particular that it resulted in the application of the organisation's ethical standards to the processes for the recruitment and evaluation of employees, as well as the sourcing of suppliers
- Monitored, reviewed and made recommendations regarding the Group's:
 - personnel manuals and ensured that all policies are in line with the amended Basic Conditions of Employment Act, 1997 (No. 75 of 1997) (Basic Conditions of Employment Act), the Employment Equity Act, 1998 (No. 55 of 1998) (Employment Equity Act) as well as skills development;
 - ensured compliance against the UN's Global Compact's 10 principles in the areas of human rights, labour, the environment and anti-corruption;
 - ensured ongoing human resources, employment relationships and skills development through the contribution of educational development of employees by conducting a skills audit and training analysis which identified training needs; and
 - ensured the Group's promotion of equality and prevention of unfair discrimination.

- Monitored, reviewed and ensured compliance to the Group's standing in terms of social and economic development and ensured that the business units contribute and give back to the communities in which they operate and made recommendations
- Monitored, reviewed and ensured that the businesses in the Group recognise that they have a responsibility to apply good environmental practices and to improve on their environmental performance as part of the Group's strategy and commitment to sustainability; to meet and where possible exceed environmental legislative and regulatory requirements; as well as to promote sustainability by monitoring their environmental impact in terms of health and public safety, including the impact of their activities and/or products or services
- Ensured compliance and standing in terms of the regulations governing B-BBEE
- Monitored and ensured that the Group is seen to be and is a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted, including sponsorship, donations and charitable giving
- Monitored the Group's consumer relationships, including advertising, public relations and compliance with consumer protection laws
- Monitored the anonymous tip-off line and dedicated email address and confirmed that there was no corruption or fraud reported
- Having sanctions and remedies in place for when the organisation's ethical standards are breached
- Monitor the use of protected disclosure and whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately
- The monitoring of adherence to the organisation's ethical standards by employees and other stakeholders through, among other, periodic independent assessments
- Monitor, review and ensure compliance to the Group's standing in terms of social and economic development
- Monitor and review to ensure that the businesses in the Group recognise that they have a responsibility to apply good environmental practices and to improve on their environmental performance
- Ensure compliance and standing in terms of the regulations governing B-BBEE
- Monitor and ensure that the Group is seen to be a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted
- Monitor the Group's consumer relationships, including advertising, public relations and compliance with consumer protection law

(King IV™ – Principles 2, 3, 4, 13 and 16)

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairman of the social and ethics committee reports to the Board on the activities of the committee at Board meetings.

Taking into account the various inputs, including the outcomes, the Board combined the social and ethics and the transformation committee's going forward.

PLANNED AREAS OF FUTURE FOCUS

- Continue to govern ethics in the Group in a way that continues to support the establishment of an ethical culture
- Monitor labour, employment relationships, training and skills development, employment equity, promotion of equality and the prevention of unfair discrimination
- Exercise ongoing oversight of the management of ethics and in particular oversee that it results in the following:
 - Application of the organisations ethical standards to the processes for the recruitment, evaluation of employees, as well as the sourcing of suppliers

INVESTMENT COMMITTEE REPORT

“The underlying principles of sound investment should not alter from decade to decade, but the application of these principles must be adapted to significant changes in the financial mechanisms and climate”

Benjamin Graham

ROLE OF THE INVESTMENT COMMITTEE

The committee has an independent role, operating as an overseer and makes recommendations to the Board for its consideration and final approval. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The role of the committee is to assist the Board:

- in considering and recommending investment opportunities in respect of acquisitions, listed securities and other corporate action in terms of the organisations risk appetite in a transparent manner and that sufficient evaluation has been afforded to such opportunities; and
- to approve acquisitions and disposals in line with the limits of authority delegated to it and in line with the strategy determined by the Board.

The committee must perform all the functions as is necessary to fulfil its role as stated above including the following:

- Review the investment strategy of the organisation
- Set criteria and targets for investment in terms of the organisations risk appetite
- Approve proposals for acquisition and sale of companies
- Periodically review due diligence processes for acquisitions
- Approve equity and other strategic investments
- Regularly review the performance of the organisations investment portfolio
- Report regularly and make recommendations to the Board for approval

- Monitor and evaluate investment service providers
- Perform other responsibilities regarding the organisations investment activities as the Board may from time to time assign to it

REPORT OF THE INVESTMENT COMMITTEE

AEEI's investment decisions, across its entire portfolio are driven by the overall objective of creating and growing stakeholder value in a sustainable manner. This is achieved by ensuring all investments, acquisitions, organic growth projects or investment funding are subjected to review by the investment committee. The committee is well balanced, has legal, financial and strategic expertise.

Investments are adjudicated to ensure it has both a strategic fit with synergistic benefits to the current portfolio and that the investment provides an acceptable level of return with a reasonable payback period (based on the specific industry). Strategic road maps per sector invested have been developed within a five-year plan (Vision 2020 Vision) and each investment is adjudicated in line with its contribution to the growth plan mandated by the Board.

STRATEGIC INVESTMENTS

AEEI has become the partner of choice for multinationals seeking a B-BBEE partner who brings value through active participation in its businesses. Through AEEI's non-controlling strategic investments, the Company was able to add value and influence the business process to create wealth and achieve transformation.

AEEI has a track record of being an empowerment partner of choice. AEEI invests in companies with the following characteristics:

- Strong investment partners that are aligned with our strategic objectives
- Leading brand
- Defined growth strategy
- Successful track record
- Management expertise
- High-growth sector

Through its investment portfolio AEEI continues to:

- hold a portfolio of investments in businesses that are diversified;
- acquire control of the majority of its operational investments;
- acquire and maintain non-controlling equity in strategic investments;
- add value, influence business processes, provide management expertise and synergies with existing investments;
- provide capital investment to grow the business;
- ensure above-market shareholder returns;
- provide and maintain high-quality infrastructures and assets;
- create sustainable wealth for all our stakeholders;
- maintain sound corporate governance, business and ethical practices;
- stimulate economic growth by assisting and adding value to SMMEs;
- promote an entrepreneurial culture; and
- be open and transparent in its reporting.

For the year under review, the committee concluded the following investments:

- The acquisition of additional shares in Sygnia Ltd
- 51% of Kalula Communications (Pty) Ltd
- 57% of Puleng Technologies (Pty) Ltd
- 90% of Orleans Cosmetics (Pty) Ltd

(King IV™ – Principles 4, 11, 12 and 16)

The following post-balance sheet investments were concluded:

- The Group through its subsidiary Premier Fishing SA (Pty) Ltd entered into a binding Heads of Agreement with Talhado Fishing Enterprises (Pty) Ltd (Talhado) to acquire a 50.01% stake in their business. The effective date of the transaction is 30 November 2017 subject to certain conditions precedent. Talhado is the largest squid player in the South African market and this acquisition fits in line with the Group's strategy to diversify through expanding organically and through acquisitions.
- The Board of AEEI approved the proposed listing of its technology division on the main board of the JSE subject to various regulatory approvals in the short-term and subject to market conditions.
- On 3 November 2017, AEEI acquired an additional 24.5% shares in espAfrika (Pty) Ltd from an existing shareholder by exercising its pre-emptive rights.

The committee is currently in negotiations around new opportunities with a significant increase in deal flow, that still have to be adjudicated and concluded if the investment criteria is satisfied. Prior to the conclusion of any new opportunities the investment committee ensures that negotiations:

- are transparent;
- indicative proposals are in line with the AEEI Group's policy;
- risks and risk appetite are evaluated;
- a formal due diligence is conducted in terms of legal, technical and financial aspects;
- agreements are reviewed by the legal team; and
- the Board is apprised of any developments prior to conclusion.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairman of the investment committee reports to the Board on the activities of the committee at Board meetings.

TRANSFORMATION COMMITTEE **REPORT**

“Transformation isn’t a future event – it’s a present day activity.”

Jillian Michaels

ROLE OF THE TRANSFORMATION COMMITTEE

The transformation committee assists the Board in the effective discharge of its responsibilities for oversight of transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group.

The transformation committee assists the Board to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place to address transformation by levelling the playing fields both socially and economically for broader participation by all South Africans.

One of the main purposes of the committee is to ensure compliance with the amended Codes of Good Practice for B-BBEE as revised from time to time and to measure the Company in terms of compliance under the elements in terms of the Department of Trade and Industry’s Codes of Good Practice.

OUR TRANSFORMATION PHILOSOPHY

AEEI’s aim is to be an employer of choice in the market place. AEEI continues to champion transformation within the Group and has been recognised for its contribution to this process. For AEEI, transformation goes beyond compliance with B-BBEE and includes the transformation of the culture, ethics and values of the Group.

As a Group, we believe in the development and empowerment of our staff and to enhance performance by “growing our timber”. We recognise that today’s best is the benchmark we must surpass tomorrow. The AEEI Group is committed to its shared values which include: people, accountability, integrity, commitment, stakeholders, respect, trust and investment. Refer to page 38 for more details.

The B-BBEE Codes of Good Practice, promulgated in 2007, emphasised the need to extend empowerment to a broader base of South Africans. They provided guidelines and a balanced scorecard to measure the transformation of a business entity from an empowerment perspective.

REPORT OF THE TRANSFORMATION COMMITTEE

As a responsible employer, we adhered to all labour legislation and laws. The Group’s employment equity policy affirms the commitment to equal opportunities relating to affirmative action and the achievement of employment equity.

During the year under review, the committee adopted a new transformation charter.

The transformation committee assisted the Board in ensuring that the Group is and remains committed to transformation and in light of this the following took place during the year under review:

- Adopted a new transformation policy and charter
- Adopted a three-year Transformation Plan from 2018 onwards
- Maintained our B-BBEE Level 1 status since 2010
- Reviewed the B-BBEE status of the Group’s subsidiaries
- Implemented and tracked the long-term goals in terms of the Group’s Vision 2020 Vision
- Reviewed and made recommendations to the skills development plans and the placement of interns in the Group
- Reviewed and made recommendations on the transformation plans
- Reviewed the equity ownership of the Group
- Reviewed and made recommendation on the employment equity plans
- Contributed through our operations to our corporate social investment programmes
- Built on our solid empowerment credentials – empowerment partner of choice
- Ensured that all regulatory obligations were met, including the submission of employment equity plans to the Department of Labour

(King IV™ – Principles 2, 13 and 16)

The transformation committee has set the following transformation goals with clear objectives to be true to its values:

- *B-BBEE – Codes of Good Practice* – to retain Level 1 accreditation in terms of B-BBEE per the Codes of Good Practice as set out by the Department of Trade and Industry
- *Employer of Choice* – to create and nurture a working environment and a corporate culture that attract and retain the best talent and skills; to redress residual inequalities with regard to race, gender and disability in accordance with our employment equity plan and to accelerate the development and retention of a diverse pool of skilled employees in order to achieve equitable representation in all occupational categories and levels of employment
- *Diversity* – to value all people who make up the diverse population of South Africa and to accelerate and cultivate an environment where diversity is valued and prospers
- *Leadership and Management* – to ensure that employees who manage and lead broadly reflect the diverse profile of the South African and African populations and that they are appropriately empowered and skilled to manage the Company towards its strategic objectives
- *Economic sustainability* – to create long-term economic value
- *Environmental sustainability – brands and practices* – to further improved brand value for the Company
- *Environmental sustainability – resource stewardship* – to drive resource management throughout our supply chain
- *Social sustainability – stakeholders* – to contribute to a society through our own practices and relationships with communities
- *Internal communication* – to overcome barriers to communication related to race, gender, culture and status and to encourage open, honest and effective communication between all people, both individually and within the appropriate communication forums
- *Transformation image and profile* – to ensure that the Group's image and profile are aligned with its transformation strategy and the changing South African and African environments

- *Business partners and collaboration* – to ensure communication and collaboration with the Company and the Group's business partners and associates with regard to sector transformation.

Management is responsible for the preparation, presentation and integrity of information and all matters about which the committee should be informed.

B-BBEE CODES

The committee has been proactive within the Group to ensure understanding and compliance of the revised Codes.

The Company lodged its BEE Certificate with the Commissioner during the year.

Since the changes in the rankings of listed companies on the JSE five years ago, qualifying small enterprises were disqualified from being rated. This is the second year that AEEI will qualify to be in the main rankings of the JSE Top 100 listed companies as a generic enterprise. Refer to page 19 of the Sustainability Report for further details.



TRANSFORMATION PLAN

The execution of the new Transformation Plan will be a high-priority responsibility of management in the various business units. The business units will ensure the plan's execution through senior and other levels of management. The transformation committee developed detailed short-, medium- and long-term action plans to ensure the implementation of its transformation goals and objectives. These action plans address all the stated goals and objectives and take into account the suggested action plans put forward by various forums, while aligning with their applicable objectives.

The transformation committee will on a regular basis, monitor, review and make recommendations. The various business units will communicate their status of performance against goals.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairman of the transformation committee reports to the Board on the activities of the committee at Board meetings.

Taking into account the various inputs, including the outcomes, the Board combined the social and ethics and the transformation committee's going forward.

NOMINATION COMMITTEE REPORT

ROLE OF THE NOMINATION COMMITTEE

The committee's main role is to ensure that the Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The role of the committee is to assist the Board in assessing the composition of the Board and recommends the appointment of directors. The committee is the main body responsible for evaluating, promoting and ensuring gender diversity. In reviewing the Board composition, the committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively. In identifying suitable candidates for appointment to the Board, the committee will consider candidates on merit against objective criteria and with due regard to the benefits of gender diversity on the Board.

For the annual performance evaluation of the effectiveness of the Board, the nomination committee will consider the balance, skills, experience and the diversity representation of the Board and other factors relevant to its effectiveness. It will also ensure that the Board has the appropriate composition in terms of structure, size; composition and independence for it to execute its duties effectively and that directors are appointed through a formal and transparent process. The committee will ensure that induction and ongoing training and development of directors take place and that formal succession plans for the Board, CEO and senior management appointments are in place.

REPORT OF THE NOMINATION COMMITTEE

During the year under review, the nomination committee performed all the functions necessary to fulfil its role as stated above, including the following:

- Adopted and approved a gender diversity policy which includes identifying suitable candidates for appointment to the Board. The committee will consider candidates on merit against objective criteria and with due regard to the potential benefits of gender diversity at Board level. The committee will continue to discuss and annually agree all measurable targets in terms of gender diversity on the Board
- Assessed the current composition of the Board in terms of gender diversity and confirmed that they were pleased with the current composition of the Board
- Ensured that the establishment of a formal process for the appointment of new directors is in place including:
 - identification of suitable members in terms of gender diversity;
 - performing reference and background checks of candidates, which should be independently investigated and their qualifications should be independently verified prior to nomination;
 - formalising the appointment of directors through an agreement between the Company and the director; and
 - a formal induction programme for new directors
- Ensured that inexperienced directors are developed through a mentorship programme

- Ensured the development and implementation of continuing professional development programmes for directors
- Ensured that directors receive regular briefings on changes in regulatory compliance, risks, laws and the environment in which the Company operates
- Ensured that formal succession plans for the Board, chairman, CEO and executive management were developed
- Evaluated the performance of the chairperson and the Board as whole and confirmed their performance in terms of independence, balance of power, fiduciary duties, ethical leadership, corporate governance and the effective discharge of their duties
- Reviewed the re-appointment of directors with regard to retirements due to rotation on the basis of that member's performance, including attendance at meetings of the Board and committees
- Ensured that a brief professional profile of each candidate standing for election at the annual general meeting (AGM), including details of professional commitments, accompany the notice of the AGM, together with a statement from the Board confirming whether it supports the candidate's election or re-election

- Ensured that a programme of professional development and regular briefings on legal and corporate governance developments and risk and changes in the external environment of the organisation, should be provided for members of the Board
- Recorded that Reverend Dr Mehana resigned as a member of the audit and risk committee, due to best practice governance that the chairman of the Board cannot be a member of the audit and risk committee. The Board reviewed the current membership composition and decided that there would be no requirement for the replacement of this member.

(King IV™ – Principle 1, 7, 8 and 9)

The committee is satisfied with Board's current composition in terms of gender diversity.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The chairman of the nomination committee reports to the Board on the activities of the committee at Board meetings.

SUSTAINABILITY REPORT

“Sustainability is the key to our survival on this planet and will also determine success on all levels.”

Shari Arison

AEEI is aware and appreciates the evolution of governance and that the Group's core purpose, business model, performance, risks, opportunities and sustainable development are inseparable elements of the value-creation process. The Group is aware that the responsibility and accountability, in addition to producing solid financial results, of business leaders include managing the Company's environmental and social impact, as well as addressing the expectations of stakeholders, including regulators, investors, customers and employees.

The Group continually strives to meet and exceed the benchmarks set by the B-BBEE Codes of Good Practice and in light of this, its initiatives include corporate social investment in different areas and fields. These include skills development, enterprise and supplier development, as well as ensuring that employment equity structures and programmes are in place within the Group.

MATERIAL AREAS OF SUSTAINABILITY

ENSURING SOUND GOVERNANCE

122,	Our sustainability governance practices
85, 86	Building relationships with our stakeholders
83	Fostering ethical behaviour and good governance

DEVELOPING PEOPLE

88, 89,	Workplace transformation and diversity
89, 126	Success
129,	Skills development
129,	Attracting and retaining talent

RESPONSIBLE PRODUCTS AND SERVICES TO OUR CUSTOMERS

86	Financing and empowerment infrastructure
90	Treating our clients fairly
	Promoting responsible investment

INVESTING IN A PROSPEROUS SOCIETY

129,	Transformation and empowerment
90,	Responsible procurement and enterprise
92, 129, 134,	Corporate social investment

PROMOTING ENVIRONMENTAL RESPONSIBILITY

131	Managing our direct environmental impact
	Climate change and energy
	Promoting sustainable water usage
	Materials and waste management

SUSTAINABILITY GOVERNANCE FRAMEWORK

AEEI's business is built on a strong foundation, including its business model, core values and principles. Our products and services are the tangible outputs of our business activities and our social and ethical

responsibilities guide our day-to-day activities. All forms of sustainability are extremely important in our strategy and operational activities. AEEI's goal has always been to provide innovative solutions to every subsidiary and client while remaining committed to social responsibility. The full report can be found on www.aeei.co.za.



BOARD OF DIRECTORS

The Board of directors is primarily responsible for overseeing sustainability issues through the committees listed below.

CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board of directors for the implementation of the Group's strategy and overall management of the Group.

AUDIT AND RISK COMMITTEE

- Responsible for overseeing and reviewing the integrated reporting process
- Reviews the annual financial statements, interim reports and preliminary results announcement
- Ensures integration in terms of integrated reporting and the application of our business model
- Ensures that the combined assurance model is applied
- Oversees the internal audit function
- Responsible for risk management, considers the top risks and monitors the progress of mitigating risks. Findings and recommendations are reported on at Board level
- Responsible for the governance of technology and information
- Recommending the services of the external auditor

REMUNERATION COMMITTEE

- Reviews and approves the remuneration and benefits policy and the reward philosophy and strategy adopted by the Company
- Ensures that the organisation remunerates responsibly, fairly and transparently
- Reviews and approves the reward philosophy and strategy
- Determines the remuneration packages of the executive directors and senior managers
- Recommends to the Board the fees to be paid to non-executive directors for their services

SOCIAL AND ETHICS COMMITTEE

- Ensures that the Group is and remains a committed socially responsible corporate citizen
- Reports on organisational ethics, sustainable development and stakeholder relationships, including organisational ethics
- Ensures compliance with statutory duties and encourages leading practice by having the social and ethics committee progress beyond mere compliance to contribute to value creation
- Monitors the Group's social impact, oversees compliance and ensures sound ethical and governance practices.

DAILY RESPONSIBILITY IS DELEGATED TO DIVISIONAL MANAGEMENT

SUSTAINABILITY REPORT – continued

The ultimate responsibility of sustainability rests with the Board and the social and ethics committee has been tasked by the Board to manage and monitor sustainability.

The Board remains firmly committed to the development of intellectual and human capital and in line with this, the performance assessment of senior managers includes an assessment of how they have developed the human capital of the organisation, especially the development of historically disadvantaged individuals. The Board has affirmed its practice with regard to procurement by its subsidiaries from black economic empowerment companies, enterprise and supplier development as well as socioeconomic development. The Group has policies in place to ensure that the subsidiaries act in an environmentally friendly manner that takes into account the existence of the communities in which the subsidiary operations are located.

Besides the careful stewardship of natural resources, the Group continually works towards sustainable development by working towards the eradication of poverty and income inequalities, with the goals being employment, accessing quality and affordable basic services and fostering a stable and just society.

AEEI and its various business units are not considered to make a particularly heavy demand on the natural environment. However, businesses in the AEEI Group are committed to being industry leaders and adding value to the services they provide by implementing sustainable business practices that minimise the impact that their operations have on the environment. Environmental commitments are an integral part of their day-to-day activities. AEEI has a very low direct impact on the environment, but we are affected by the environment in which we operate as well as the impact that climate change in general has on our business. We commit our businesses to a journey of responsible environment stewardship. We acknowledge that a stable economy and a sustainable business require a sustainable environment. Our fishing and brands division works closely with the relevant authorities to safeguard the various fish species and pays careful attention to the environmental impact of its operations.

The Group's material matters, the stakeholders affected and how we manage them can be found on page 43 to 48 and 85 to 92.

(King IV™ – Principles 3, 4, 10, 11, 13, 14, 15 and 16)

MATERIAL MATTERS AND KEY PERFORMANCE INDICATORS – 2017 PROGRESS ON THE SIX CAPITALS:

The following report details the material matters, key performance indicators, our 2017 progress, the risks related to the material issue and the opportunities created by the material matters on the six capitals:



FINANCIAL CAPITAL

MATERIAL MATTER

Responsible use of our capital generated

KEY PERFORMANCE INDICATORS

- Review asset efficiency
- Growth of the businesses through strategic investments
- Ensure continued shareholder returns
- Reinvestment into growth
- Dividends paid to shareholders
- Manage debt and gearing
- Maintain Group debt and gearing

2017 PROGRESS

- Retained sound capital levels and liquidity in the Group
- Focused on optimal capital allocation
- Procured alternative funding for our capital growth investments
- Continued with our Vision 2020 Vision implantation to invest in growth while containing costs and driving efficiencies
- Maintained a well-diversified portfolio of investments and risk framework
- Continued with the streamlining and standardisation of procurement spend for future cost savings
- Listed our fishing and brands division
- Effectively allocated capital for growth projects
- Executed selective growth projects:
 - Further acquisition of shares in Sygnia
 - 57% stake in Puleg Technologies
 - 51% stake in Kalula Communications
 - 90% stake in Orleans Cosmetics
- Paid dividends and interim dividends to shareholders
- Maintained Group debt and gearing

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Limited access to funding may slow down the ability to capitalise on the various growth initiatives
- Debtor recovery or late payments from public customers could create liquidity risk
- Exchange rate volatility may have both a negative and positive effect on the performance of the businesses

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Explore opportunities in new strategic investments to unlock further revenue streams
- Review further business opportunities within our current strategic investments
- Growth by acquisition
- Organic growth
- Work towards listing the technology division
- Work towards listing the biotechnology division

SUSTAINABILITY REPORT – continued


**HUMAN
CAPITAL**
MATERIAL MATTER

Employee recruitment and retention of key skills

KEY PERFORMANCE INDICATORS

- Retention of critical skills
- Training and development of staff
- Employee health and safety
- Remuneration and staff recognition
- Support of training institutions (external)
- Employee job satisfaction, diversity, productivity and efficiency
- Maintain zero fatalities in the Group
- Drive diversity and cultural transformation
- Drive Vision 2020 Vision goals
- Drive a high-performance culture to ensure delivery of our strategic objectives
- Develop critical skills to drive business performance

2017 PROGRESS

- Emphasised our employee value proposition
- Offered competitive remuneration – increase in remuneration and bonus paid
- Training analysis completed
- Role blueprints updated
- Spent R2 570 000 on training and development
- Promoted a working environment that allows employees to deliver high performance
- Embedded our Vision 2020 Vision
- Developed critical skills to drive business performance
- Continue to transform our businesses
- Continued with the personal development of middle and senior executives
- Continued building leadership capability to enable productivity, high performance and sustainable growth
- Reviewed succession plans and identified talent development
- New transformation and equity employment plans to be rolled out in 2018

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Higher than market-related salary demands
- Labour strikes demands
- The inability to retain skills and the retention of high-calibre employees
- The inability to recruit skilled employees
- The challenge of training inexperienced employees could take longer than anticipated
- Developing critical skills

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Employee development – bursaries and learnerships
- Employee health and safety
- Wellness programmes
- Identify and offer internships and learnerships in identified disciplines
- Increase capabilities of middle management
- Create and entrepreneurial culture



MANUFACTURED CAPITAL

KEY PERFORMANCE INDICATORS

- Produce quality products and services
- Provide and maintain high-quality infrastructures and assets
- Stimulate economic growth through sustainable small business development
- Through our strategic investments, look at returns but also focused on risk and capital requirements

MATERIAL MATTER

- Business operations
- Capital investment in our businesses
- Access to reliable infrastructures
- Investment into plant and equipment

2017 PROGRESS

- Launched new products and services to meet our clients' needs
- Increased our focus on cross-selling
- Manufactured own products
- Offered innovative products and services to clients
- Strengthened our strategic alliance with our international partners
- Stimulated growth and partnerships with SMMEs
- Enterprise development
- Maintained infrastructures and assets through regular maintenance
- Invested in plant and equipment
- Reduced our environmental footprint through the manufacture of organic products

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Failure to raise capital for investment into our businesses
- The inability to produce goods and services timeously for clients
- Increased competition

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Expansion of the abalone farm
- Increase the number of external quota holders
- Enhance planning and increase catch rates
- Review options in terms of product diversification
- Growth of product portfolio
- Further expand product range and offering into the food, hygiene and agricultural sectors
- Development in the local and manufacturing environment
- Optimisation of product portfolio and cost savings
- Registration of products in Africa, South America and the SADC region

SUSTAINABILITY REPORT – continued


**INTELLECTUAL
CAPITAL**
KEY PERFORMANCE INDICATORS

- Provide shareholder satisfaction and return on investment
- Review the risk of alternative technologies from competitors
- Patented technologies
- Skilled, experience and technically qualified employees and leaders

MATERIAL MATTER

- Macroeconomic considerations
- Accreditation including patents, trademarks, intellectual property and the JSE

2017 PROGRESS

- Diversified portfolio of investments and strategic investments
- Payment of dividends to shareholders
- Built own intellectual property to reduce the risk of alternative technologies
- Prioritised focus on research and development activities
- Partnered with academic institutions, research bodies and industry peers to develop and implement new technologies
- Listed the fishing and brands division

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Changes in the economic landscape – relating to exchange rate volatility, interest rates etc.
- The risk of not achieving investment targets
- Failure to innovate in areas that are critical to our clients and innovation to drive growth
- The loss of major clients
- Failure in our business processes and management systems

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Work towards listing the technology division
- Organic and acquisitive growth
- Increase business in the private sector
- Further expansion into Africa and abroad
- Work towards listing the biotechnology division
- Opportunities to invest in other areas of our strategic growth path
- Building of own intellectual property
- Payment of dividends



SOCIAL AND RELATIONSHIP CAPITAL

MATERIAL MATTER

- Compliance with laws, codes, standards and regulations
- Corporate social investment development
- Collaborative stakeholder engagement
- Sustained confidence of investors in our business
- Support independent SMMs
- Social community and economic development
- Ethical and transparent leadership

KEY PERFORMANCE INDICATORS

- Drive the CSI strategy across the Group by investing in social services in our communities and creating value through social investment
- Paying our taxes and royalties to government
- Drive B-BBEE targets in the Group
- Drive diversity and transformation throughout the Group
- Adhering to ethical standards and preventing corruption
- Supporting local business and promote social and economic development
- Provide employment opportunities and skills development
- Training and development through our internship programme
- Investing in the future of our youth by facilitating access to higher education
- Effective risk management and compliance

2017 PROGRESS

- Ensured closer working relationships with regulators
- Fostered positive employee and union relationships
- Continued to prioritise our social investment projects in skills development, community development and the environment through our strategy across the Group and created value through social investment
- Focused on managing risk in terms of the Group's risk appetite and tolerance
- Continued to drive diversity and transformation in our businesses
- Focused on improving educational outcomes in the Western Cape and Overberg regions through training and development and investment into our youth
- Supported local businesses and promoted social and economic development
- Provided employment opportunities and skills development
- Created awareness of revised Code of Ethics and Code of Conduct, including the whistle-blowing facility
- No breach of ethical standards or corruption reported
- Effectively monitored risk management and compliance
- Paid our taxes and royalties to government
- Ensured consistent and effective engagement with investors and stakeholders with the objective of aligning shareholder expectations with our strategy and targets
- Maintained constructive relationships with our partners, business peers and sector organisations

SUSTAINABILITY REPORT – continued



SOCIAL AND RELATIONSHIP CAPITAL (continued)

KEY PERFORMANCE INDICATORS

- Effective partnerships with business peers, sector organisations and research bodies
- Collaborative relationships with customers and suppliers
- Open channels of communication

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- Compliance with regulatory and legislative requirements requires the Group to keep abreast of changes, failing which could have a reputational impact and result in a fine
- Industry regulations can impact the business performance
- Investor and stakeholder confidence in our businesses
- Negative reputation

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Promotion of social and economic development by assisting small businesses to grow and add value
- Deliver on CSI strategies by investing in social services in our communities and creating value
- Deliver on diversity and transformation
- Deliver on our B-BBEE targets
- Paying our taxes and royalties to government will contribute to social needs
- Assist small businesses to grow within the events industry to grow community-based services
- Strong risk management
- Provide employment opportunities and skills development
- Investing in our youth by facilitating access to higher education
- The organisation is seen to be a responsible corporate citizen
- New investors
- Ongoing proactive and transparent relationships with our regulators
- Assisting to steer the economy towards a stable environment
- Fostering synergistic relationships between private and public sectors
- Fostering an entrepreneurship culture



MATERIAL MATTER

- Review energy efficiency and the use of alternative energy in our operations
- Water consumption
- Waste management

KEY PERFORMANCE INDICATORS

- Effective environmental management system (fishing)
- Waste and electricity management (fishing)
- Allocation of capital to address long-term goals
- Waste management
- Environmentally friendly products
- Investment in research and development and partnering with others to find innovative solutions related to our processes and by-products

2017 PROGRESS

- Continued with the implementation of renewable energy
- Reviewed and implemented further additions to the environmental management system
- Reduced electricity and water consumption
- Capital allocated for the implementation of long-term goals in terms of Vision 2020 Vision

WHAT ARE THE RISKS RELATED TO OUR MATERIAL MATTERS

- The uncontrollable cost of electricity and possible load shedding
- The uncontrollable costs of diesel
- Environmental footprint

WHAT ARE THE OPPORTUNITIES CREATED BY THE MATERIAL MATTERS

- Further implementation of renewable energy through a phased approach
- Implementation of innovating procedures in the reduction of electricity and water consumption
- Leveraging industry expertise on waste management
- Convert natural capital into financial and societal value by deploying technology and other resources

(King IV™ – Principles 4, 5, 11, 13 and 16)

SUSTAINABILITY REPORT – continued

ECONOMIC SUSTAINABILITY



Refer to page 84 for the value-added statement.

VALUE DISTRIBUTION



Employees

58.2%

43.8%

52.7%



Retained for growth

10.4%

30.0%

20.2%



Debt providers

9%

10.7%

10.8%



Government

13.1%

8.3%

8.0%



Communities

1.0%

1.3%

1.6%



Capital providers

8.3%

5.9%

6.6%

	2017 R'000	2016 R'000	2015 R'000
Total revenue	1 052 196	735 569	672 185
Total profits (before tax)	680 890	287 740	185 747
Total assets	2 822 153	1 691 219	1 345 471
Total liabilities	783 603	690 184	540 922
Total ratio	%	%	%
Percentage of revenue generated in South Africa	72%	64.1%	63%
Percentage of net profit after tax generated in South Africa	90%	32%	25%
Total compensation paid to executive directors (AEEI Board)	6 690	5 819	4 744
Total compensation paid to employees and contractors (including wages and benefits)	198 012	191 709	95 876
Total compensation paid to prescribed officers	0	0	0
Rand value of HDSA procurement	444 620	325 023	210 394
Rand value of Group procurement	716 328	495 643	467 543
Rand value of Company procurement (AEEI)	15 657	9 071	12 097
Rand value of all payments to governments (VAT, income tax, rates and taxes, royalties and all other payments)	86 279	80 538	57 775
Percentage of total taxes paid in South Africa	100%	100%	100%
Total rand value of research and development spend	13 700	10 151	2 217
Total rand value of dividends to be paid/payable to AEEI shareholders	25 804	16 203	12 283
Total rand value of dividends paid by subsidiary companies to shareholders	58 983	31 600	15 000
Total rand value of earnings retained	866 280	505 241	300 895

The AEEI Group is not a member of the Carbon Disclosure Project – Driving Sustainable Economies, Water Disclosure Project or a signatory to the UN Global Compact.

ADDITIONAL INFORMATION

Integrated Reporting & Assurance Services (IRAS) confirms that AEEI has been independently assessed according to 96 environmental, social and governance (ESG) quantitative comparable data indicators within the Sustainability Data Transparency Index (SDTI) and consistently achieves a data transparency score within the Top 10% of the roughly 300 JSE-listed companies reviewed (1st in the 'Financial Services – Other' Sector). Created by IRAS, the SDTI measures listed companies' commitment to ESG data transparency, allowing stakeholders the opportunity to contrast and compare ESG performance between peer companies, against prior year performance, or against stated commitments and/or targets. For more information contact: sdti@iras.co.za.



 The full sustainability report can be found on: www.aeei.co.za.

SOCIAL SUSTAINABILITY

The AEEI Group is well aware of the critical role that a business has to play in the upliftment and development of the previously disadvantaged majority. The Group is committed to investing in the upliftment of society and in playing a pivotal role in improving the quality of life among the disadvantaged communities through its corporate citizenship initiatives.

The AEEI Group continues to subscribe to a sustainable approach in conducting its business. For AEEI, social sustainability and corporate citizenship goes beyond legislative compliance. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces the mission of AEEI of being a dynamic and innovative Company that creates superior stakeholder value.

Our strategic focus on being an exemplary custodian assists us to manage our impact on the communities around us and actively contribute to their socioeconomic development through various initiatives.

Many of the subsidiaries in the Group support their own initiatives in line with the Group policy and their areas of operation.

It is for this reason that we need to give back to the communities in which AEEI operates by:

- driving the corporate social investment strategy across the Group by investing in social services in our communities and creating value through social investment;
- paying our taxes and royalties to government;
- driving the B-BBEE targets in the Group;
- further driving transformation throughout the Group;
- adhering to ethical standards and preventing corruption;
- supporting local business and promoting social and economic development;
- providing employment opportunities and skills development;

- providing training and development through our internship programme;
- investing in the future of our youth by facilitating access to higher education;
- ensuring effective risk management and compliance;
- promoting social and economic development;
- promoting partnerships with business peers, sector organisations and research bodies;
- having open channels of communications; and
- ensuring that the Group is seen to be and is a responsible corporate citizen.

CORPORATE SOCIAL INVESTMENT (CSI)

The Group's CSI programmes are managed through the Sekunjalo Development Foundation (SDF), whose aim is to create a sustained social impact through focused activities. The SDF has selected focus areas that have an impact on individual and societal development and play a significant role in nurturing young people who represent the future.







The SDF's approach is to:

- encourage employee participation and volunteering in its CSI programmes;
- prioritise CSI across the Group, focusing on set initiatives that support societal challenges; and
- ensure the integration of community needs.

The SDF continues to move away from *ad hoc* requests to focused areas, which are shaped by an increasing need to ensure effective stakeholder relations and the socio-economic needs of the communities in which the Group conducts its business.

For the year ahead, the SDF will continue with its CSI programmes in the focused areas below with more emphasis in the areas of social and enterprise development.

The Group participated in the following during the year under review:

 <p>ARTS AND CULTURE</p>	 <p>EDUCATION</p>	 <p>SPORTS DEVELOPMENT</p>
<ul style="list-style-type: none"> • The Sekunjalo Edujazz Concert • Cape Town International Jazz Festival • Delft Big Band – Youth Music Programme • Steenberg High Jazz Band • African Musicians Trust • Menngos – Jazz on the Vlei 	<ul style="list-style-type: none"> • Back-to-school programme • Premier Fishing Bursary Trust • Premier Fishing Learnership Programme • Where Rainbows Meet – Training and Development 	<ul style="list-style-type: none"> • Saldanha Bay Rugby club • Gansbaai and Hawston Primary Schools • Western Province Boys Hockey
 <p>ENTERPRISE DEVELOPMENT</p>	 <p>SOCIAL DEVELOPMENT</p>	 <p>SPECIAL PROJECTS</p>
<ul style="list-style-type: none"> • Funding for business 	<ul style="list-style-type: none"> • AEEI/Health System Technologies annual golf day • Women in Praise • Things on Wheels • The Sunflower Fund • The Amy Biehl Foundation • Fire Victims • Working on Fire • Durbanville Children's Home • Mandela Day initiative 	<ul style="list-style-type: none"> • Sekunjalo Development Foundation • Direct support for NGOs and community groupings





For further information on the above initiatives refer to www.aeei.co.za.

SOCIAL SUSTAINABILITY – continued

RETURN ON CORPORATE SOCIAL INITIATIVES

2.3% SPEND VS PROFIT

	IMPACT	RETURN ON INVESTMENT
 ARTS AND CULTURE	SOCIETY	<ul style="list-style-type: none"> • Shared value with communities and organisations • Education of arts and culture, especially in the music arena • Education and mentorship • Self-sufficient – many of our students have become musicians in their own right and have become self-sufficient and some are the only breadwinners in their respective families • Benefits to the communities
 EDUCATION	COMMUNITIES	<p>Education is a global equaliser. With education, people and communities around the world can become self-sufficient and prosper. By investing in education in the communities, we have:</p> <ul style="list-style-type: none"> • Improved education outcomes • Increased literacy rates • Increased student engagement and performance • Training • Skills development • Early childhood development – live, learn and play • Nurtured growth and entrepreneurship • Provided employment opportunities
 SPORTS DEVELOPMENT	COMMUNITIES	<ul style="list-style-type: none"> • Promotion of sports development in impoverished communities
 ENTERPRISE DEVELOPMENT	COMMUNITIES	<ul style="list-style-type: none"> • Promotion of an entrepreneurship culture • Ensured stability, growth and profitability of young entrepreneurs • Promoted businesses owned and businesses run by women to become sustainable • Workforce development • Assisting to steer the economy towards a stable environment

	IMPACT	RETURN ON INVESTMENT
 SOCIAL DEVELOPMENT	SOCIETY	<ul style="list-style-type: none"> • Ensured a better quality of life • Promoted education • Improved access to childcare and families • Supported NGOs to build capacity and improve efficiency of resources to the communities they support • Ensured a better quality of life for people with disabilities • Provided skills development through our various initiatives • Provided internship
 SPECIAL PROJECTS	ENVIRONMENT	<ul style="list-style-type: none"> • Created awareness around sustainability, pollution, water, air, electricity and other

CSI/SED EXPENDITURE	2017	2016	2015
Rand value of corporate social investments/socio-economic development	R15 851 542	R14 754 652	R12 430 356
Percentage of CSI/SED spend invested in South Africa	100%	100%	100%
Education	R562 543	R552 146	R333 027
Skills development	R2 570 000	R1 124 530	R696 035
Health and HIV/Aids	R0	R0	R0
Basic needs/social	R641 256	R636 012	R426 104
Enterprise development	R1 587 536	R1 486 513	R1 243 882
Arts and culture	R7 721 354	R7 651 871	R6 653 199
Infrastructure development	R1 562 445	R1 435 299	R1 059 000
Rand value spend on environmental management projects	R345 256	R341 309	R0
Rand value spend on small business development	R859 562	R745 624	R0
Rand value of CSI other	R2 923 485	R2 267 861	R2 019 109
Spend as a % of net profit after tax	2.3%	7.1%	8.33%
Discretionary spend	R81 840 184	R240 549 000	R205 543 181

INTERNAL POLICIES

As a leading JSE-listed black empowerment Company and through our brand's position, the organisation is dominant in a global context relating to a variety of issues, technology changes, globalisation, rapid change, dynamic markets, enterprise development and sustainability legislation. These issues affect the overall business strategy of the Group while focusing on organic growth, acquisitions, geographic expansion, new categories, margin improvement and transformation.

In the line with Groups' governance, the Group has all the relevant policies in place as approved by the Board of directors.

RESPONSIBLE INVESTMENTS

139	Footprint	152	BIOTHERAPEUTICS	162	STRATEGIC INVESTMENTS
140	FISHING AND BRANDS	152	Genius Biotherapeutics	162	BT Communication Services South Africa (Pty) Ltd
140	Premier Fishing and Brands Ltd	154	EVENTS AND TOURISM	163	Saab Grintek Defence (Pty) Ltd
143	TECHNOLOGY	154	espAfrika (Pty) Ltd	164	Pioneer Foods Group Ltd
143	AYO Technology Solutions Ltd	157	Tripos Travel (Pty) Ltd	165	Sygnia Ltd
147	HEALTH AND BEAUTY	160	Magic 828 (Pty) Ltd		
147	Wynberg Pharmaceuticals (Pty) Ltd				
150	Orleans Cosmetics (Pty) Ltd				

FOOTPRINT

SOUTH AFRICA:

- *Western Cape:* Overberg Region, Gansbaai, Saldanha Bay, Hout Bay, Cape Town, Hex Valley, Citrusdal, Ceres, Riebeeck Kasteel and Tulbagh
- *Eastern Cape:* Patensie, Gamtoos, Sundays River Valley, Port Alfred and Humansdorp
- *Limpopo:* Polokwane, Groblersdal, Marble Hall, Hoedspruit, Letsitele, Tzaneen and Alldays
- *Mpumalanga:* Nelspruit, Komatipoort, Hazyview, Malalane and Ogies Stad

- *Northern Cape:* Keimos, Ograbies, Kakemas, Uptington, Vaalharts and Port Nolloth
- *Free State:* Bethlehem and Ficksburg
- *Other:* Gauteng, North West and KwaZulu-Natal

OUTSIDE OF SOUTH AFRICA:

Asia, Europe, the USA, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar and Malawi



REGULATORY INSTITUTIONS

- Medicines Control Council
- South African Pharmacy Council
- Marine and Coastal Management
- National Regulator for Compulsory Specifications
- Department of Agriculture, Forestry and Fisheries
- South African Bureau of Standards
- South African Maritime Safety Authority
- European Union
- South African Reserve Bank (SARB)
- Johannesburg Stock Exchange (JSE)

ACCREDITATION:

- Hazard Analysis and Critical Control Points (HACCP)
- Food Drug Administration (USA) (FDA)
- Good Manufacturing Practice
- South African Bureau of Standards (SABS)
- National Regulator for Compulsory Specifications (NRCS)

The AEEI Group is not a member of the CDP – Driving Sustainable Economies, Water Disclosure Project or a signatory to the UN Global Compact.



FISHING AND BRANDS

CONTRIBUTION TO
REVENUE

R408m

CONTRIBUTION TO
OPERATING PROFIT

R77m

PREMIER FISHING AND BRANDS LTD (PREMIER OR PREMIER GROUP)

(Formerly Premier Food and Fishing Ltd)

KEY FACTS

CHIEF EXECUTIVE OFFICER	MS Saban
BOARD OF DIRECTORS	MS Saban, VC Mehana, S Young, K Abdulla, IT Bundo, CF Hendricks, R Isaacs, AB Amod, TT Hove, RP Mosia, AW Johnson, LS Naidoo, FE Brand and CL van der Venter
EMPLOYEES	389
HEAD OFFICE	V&A Waterfront, Cape Town
FOOTPRINT	Port Nolloth, Northern Cape Province, Western Cape Province, Overberg Region, Gansbaai, Humansdorp, Saldanha Bay, Hout Bay, the USA, Asia and Europe

PROFILE

Premier has been in existence since 1952 and has four operating divisions, two subsidiary companies and a number of joint venture operations. Premier is a vertically integrated Group which specialises in the harvesting, processing and marketing of fish and fish-related products.

Premier and its subsidiaries hold medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy and sardine), hake deep-sea trawl, longline and squid. In addition, Premier owns an abalone farm and invests in organic agriculture through the Seagrow range of products.

The Premier Group is the largest black-owned and controlled fishing company in South Africa and aims:

- to implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing their carbon footprint;
- to invest in reliable technology which allows the Company to reduce mortalities of live lobster kept for the export market, therefore assisting in obtaining the best market price;
- to develop all its employees;

- to assist small businesses to grow and achieve their full potential; and
- to ultimately deliver sustainable returns to all stakeholders.

2017 OPERATIONAL PERFORMANCE

During the year under review, the Premier Group delivered excellent growth in operating earnings. Despite the strengthening of the rand against the US dollar, Premier managed to increase its operational profits by 30% as compared to the prior year.

The increase was as a result of tight cost controls in all of their operations as well as improved operational efficiencies through more efficient catch planning and improved pricing across all their divisions.

The abalone division increased its operating profits for the year under review and significantly increased its stock holding, which positions it well for the expansion of the farm going forward.

The Premier Group listed on the main board of the JSE on 2 March 2017 and was able to raise capital of R526m on the listing date through the issue of 117m new shares. The listing only had an effect on their financial performance for six months of the financial year. The capital raising strengthened their balance sheet with additional cash reserves that will be utilised on their main capital projects – abalone farm expansion and the acquisitions.

** Note: The season nature of the fishing industry does not tie in with the financial year. For more information on their listing visit: www.premierfishing.co.za.*



VISION 2020 VISION – PREMIER'S CONTRIBUTION

Following the strategic planning session held in 2015 which entailed an analysis of the business with the primary objective of having focused and aligned efforts across the business to deliver on its long-term goals, a five-year strategic plan to the year 2020 was implemented. The strategic plan has clear deliverables, strategic actions for each strategic lever, as well as detailed clear time frames.

Below is the high-level outline of their Vision 2020 Vision strategic goals:

- Expansion of the abalone farm and capital expenditure in their underlying businesses to improve production and revenue
- Drive an efficient cost base
- Construct/acquire a processing facility
- Product diversification to further penetrate foreign markets – procurement of fish species for local and international markets and enhanced marketing capacity
- Continuous growth of outside quota holders
- Increase enterprise development initiatives
- Acquire a canning facility
- Acquire another fishing business
- Further explore green energy alternatives with the emphasis on the efficient use of water and electricity while exploring green alternatives

2017 Achievements to date include:

- Revenue increased to R411m from R402m in 2016
- EBITDA increased to R79m from R78m in 2016
- Commenced with the expansion of the abalone farm through a phased approach
- Implemented a centralised procurement for the entire Group
- Increased factory utilisation through the newly established trading operation
- Installed a fully operational in-house clinic at the abalone farm

FISHING AND BRANDS – continued

PROSPECTS AND FUTURE OUTLOOK

Premier is well positioned for growth over the next two years to further unlock shareholder value.

The following prospects have been identified in reaching their Vision 2020 Vision:

- Abalone farm – 150 tonne production capacity is expected to be installed by the end of the 2018 financial year

- A fully functional canning facility is to be constructed at the abalone farm by March 2018 with in-house canning to commence from April 2018
- Approximately 50 new jobs will be created at the abalone farm by the end of 2018 financial year

FOOTPRINT

Premier has operations in Port Nolloth, Northern Cape, Western Cape, Overberg Region, Humansdorp, Saldanha Bay, Hout Bay, the USA, Asia, and Europe.

PRODUCTS/BRANDS

Through their various business activities Premier offers the following products and services: sales, marketing and production of west coast rock lobster, south coast rock lobster, abalone, small pelagics, canned fish products, longline hake, squid and Seagro (organic fertiliser).

COMPANY BRAND



PRODUCT BRANDS



SEA DIAMOND



Detailed information about Premier Fishing and Brand Ltd's business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.



TECHNOLOGY

CONTRIBUTION TO REVENUE

R476m

CONTRIBUTION TO OPERATING PROFIT

R619m

AYO TECHNOLOGY SOLUTIONS LTD (AYO TECHNOLOGY)

(Formerly Sekunjalo Technology Solutions Ltd)

KEY FACTS

CHAIRMAN	K Abdulla
BOARD OF DIRECTORS	C Ah Sing, CF Hendricks, N Gamielien, K Abdulla, AB Amod and TT Hove
EMPLOYEES	309
HEAD OFFICE	V&A Waterfront, Cape Town
FOOTPRINT	South Africa – Cape Town, Durban, Polokwane, Northern Cape, Gauteng, Eastern Cape and Limpopo Provinces United Kingdom, USA, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar and Malawi

PROFILE

As a niche market enterprise, AYO Technology provides effective information and communication technology (ICT) business solutions and services that enhance business performance in government and to corporate customers. The AYO Group comprises businesses that are leaders in their respective niche markets, have solid client bases and achieved high levels of sustained organic growth.

Companies in the AYO Group offer the following wide range of solutions:

- **Health System Technologies** – ICT solutions to the health care industry, such as hospital, primary health care, laboratory and pharmacy information systems, electronic health records, continuity of care records and telemedicine, backed by the necessary professional services, such as: consulting, system architecture design, system integration, business intelligence and development of bespoke software solutions.
- **Saratoga Software** – offers an integrated range of services, including software engineering, business intelligence, professional services, usability and design.

TECHNOLOGY – continued

- **Afrozaar** – is a software consulting and product development business focused on the development of innovative software products in the mobile, digital and cloud environments.
- **World Wide Creative** – is a full-service digital innovation agency and technology product innovation consulting company.
- **Digital Matter** – is an IT specialist focusing on mobile application development including mobile inspection management, fixed asset management and solutions for clients in mobile field service, technician management, franchise evolution, mobile banking and plant commissioning.
- **Emergent Energy** – is a leading commercial, industrial and agricultural solar photo-voltaic solutions provider in South Africa, with the largest number of commercial-sized solar systems installed in the country.
- **Puleng Technologies** – provides their customers with a client-centric security strategy that manages the two most valuable assets in an organisation, being its data and users, while facilitating IT and business with a platform to build an efficient, collaborative governance, risk and compliance (GRC) programme. They also provide service-orientated infrastructure architectures that focus on the simplification, automation and operational efficiencies within and beyond the data centre.
- **Kalula Communications trading as Headset Solutions** – imports and distributes notable brands within telecommunications and consumer electronic markets. Headset Solutions is the distributor for all Plantronics & Konftel products in Southern Africa. Plantronics designs headsets for a wide range of devices, including phones, laptops, handhelds, entertainment and music devices. Konftel is a worldwide leader in the manufacture of audio conferencing equipment and the inventor of audio conference technology.

The AYO Group of companies has international partnerships with leading technology suppliers.

2017 OPERATIONAL PERFORMANCE

The AYO Group offers numerous end-to-end solutions to a host of industries locally, into Africa and abroad. They are specialists in their various business units and have an exceptional track record. The AYO Group acquired two businesses during the year under review with revenue taken into account for most of the year.

While the economic climate in South Africa remained exceptionally challenging during the 2017 financial year, as well as low economic growth, the various business units managed to meet and exceed their budget expectations through continued growth by developing their own software solutions for the health care sector and partnering with top international companies in long-term valued-added reseller agreements, growth at key clients supported by new customer accounts, strict control on operational and supplier costs as well as long-term professional services, projects and managed services. Annuity revenue continues to increase year-on-year, providing a platform for further future growth and expansion.

The AYO Group's performance was ahead of budgeted expectations yielding a 154% increase in profits and 158% in revenue including BT.

VISION 2020 VISION – AYO TECHNOLOGY'S CONTRIBUTION

In 2015, the AYO Group aligned its strategy in terms of Vision 2020 Vision by setting strategic levers, goals, activities and milestones, with clear deliverables for each business unit.

As part of AYO Technology's Vision 2020 Vision, they aim to unlock shareholder value through listing their IT assets.

The AYO Group is on track to achieve its strategic objectives and milestones. During the year under review, progress was made against its strategic objectives and target areas.

2017 Achievements to date include:

- Penetrated markets outside South Africa by implementing and embarking on a proof of concept and a support contract for hospitals in Dubai
- Contributed to the technology required for the National Health Insurance by working with the CSIR on integrating existing clients' data
- Developed and implemented an electronic continuity of care record
- Acquired telemedicine solutions by becoming a value-added re-seller and forming a joint venture to market the product

- Maintained service-level agreements at more than 95% of compliance
- Grew revenue by expanding customer base and maintained an efficient cost base
- Achieved new branding in terms of Publisher's Toolbox
- Developed new product by using new technology
- Implemented phase 1 of the transformation from digital marketing agency to a strategic innovation agency
- Drove efficiencies by shifting from an internal development team to outsourced development partners
- Increased revenue from current key accounts through greater strategic value-adds
- Penetrated the African market with expansion into four new countries
- Closed the first Tracksmart deal and secured the rights to certify and distribute a battery powered safe GPS tracking unit
- Improved partnerships with financial institutions to package solutions for clients
- Secured long-term managed services contract with leading financial services and telecommunications organisations
- Introduced subscription-based cloud and managed services
- Penetrated the lower end of the market to cater for smaller contact centres and unified communications customers

PROSPECTS AND FUTURE OUTLOOK

The AYO Group is successful at retaining its client base in the long-term and its established foundation has set the platform for future business growth. These strategies have paid dividends and are a cost-effective way of providing a short- to medium-term source of income and growth and remain an integral part of their core strategy to develop new opportunities.

Acquiring and developing their own intellectual property is a key strategic focus area and will ensure better margins with resulting profitability. Increasing revenue

is generated through the launch of AYO Technology's own products and services into local and international markets. By extending their footprint into other parts of Africa and replicating their successes, it will ensure the sustainability of its businesses. As a medium-term opportunity, implementation services can be provided to first-world countries such as Australia and the United Kingdom. Opportunities are actively pursued to increase their market reach through partnerships and are culturally aligned with complementary businesses.

The future outlook for the various business units are as follows:

- Expand on proof of concept implementation and establish an electronic health record in African countries
- Expand clinical functionality at existing clients and explore data warehouse solutions
- Further develop opportunities to become a technology provider of choice
- Continue to explore the acquisition of companies with complementary technologies and services while growing organically through new developments
- Expand consulting service offerings into the international market and improve market positioning
- Grow product portfolio in the digital publishing and marketing sector
- Expand into new sectors with innovative products
- Retain business won
- Create and use a unique, consistent and persuasive consulting experience that attracts new clients and engages existing clients
- Expand client base into fuel and non-fuel tanker fleets
- Grow the footprint of certain projects into the rest of the clients' operations
- Expand into new commercial sectors with innovative security products
- Grow cloud and subscription-based services across a portfolio for data and user security.

In the long-term AYO Technology needs to ensure that it remains relevant in its various sectors by investing in research and development and reducing its dependence

TECHNOLOGY – continued

on the South African economy by investing in structures to expand activities into Africa. This strategy is aligned with the concept of South Africa being a gateway into Africa with the intention of using the most appropriate South African and imported products to meet the needs of their customers in Africa. The AYO Group will continue with its organic growth strategy, coupled with acquisitive growth of complementary businesses and the acquisition and/or development of additional products.

OPERATIONAL FOOTPRINT

The AYO Group has a service delivery footprint in all the cities of South Africa and has expanded into the United Kingdom, USA, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Spain, Saudi Arabia, Ethiopia, Lesotho, Swaziland, Mauritius, Madagascar, Zambia and Malawi.

PRODUCTS/BRANDS



Detailed information about the AYO Group's business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.



HEALTH AND BEAUTY

CONTRIBUTION TO
REVENUE

R14,9m

CONTRIBUTION TO
OPERATING PROFIT

R11,2m

WYNBERG PHARMACEUTICALS (PTY) LTD (WYNBERG)

KEY FACTS

CHIEF EXECUTIVE OFFICER	Dr A Sidar
BOARD OF DIRECTORS	C Ah Sing, CF Hendricks, AB Amod and K Abdulla
EMPLOYEES	8
HEAD OFFICE	V&A Waterfront, Cape Town
FOOTPRINT	Western Cape – Hex Valley, Citrusdal, Ceres, Riebeeck Kasteel and Tulbagh Eastern Cape – Patensie, Gamtoos, Sundays River Valley and Port Alfred Limpopo – Groblersdal, Marble Hall, Hoedspruit, Polokwane, Letsitele, Tzaneen and Alldays Mpumalanga – Nelspruit, Komatipoort, Hazyview, Malalane, Ogies Stad Northern Cape – Keimos, Ograbies, Kakemas, Upington and Vaalharts Free State – Bethlehem and Peksberg

PROFILE

Wynberg Pharmaceuticals supplies an extensive range of locally manufactured, natural products, that are human, animal and plant safe, internationally recognised and certified as such, using British Standards European Standards (BS ES), United Kingdom and National Regulatory Compulsory Specifications (NRCS) South Africa, as well as the Department of Agriculture, Forestry and Fishing (DAFF) certification and registrations throughout South Africa.

The products are registered and manufactured locally and are being used with success in the agricultural, food and general health and hygiene sectors. The Company signed a licensing and joint venture agreement with a UK-based company to manufacture and market an extensive and totally natural range of hygiene and sanitation products into the health care, food and agricultural pre-harvest spray programmes and post-harvest packhouse processing sectors. This range of products, known locally as Plant Nutrient Synergist (PNS), ViBacSan Hygiene and Sanitation, is manufactured and marketed through the Company.

HEALTH AND BEAUTY – continued

2017 OPERATIONAL PERFORMANCE

The Company expanded its market share to other regions after three years of research and development as well as the registration of products. The overall performance is below budget largely due to the drought which has had a severe impact for the past two years. Increased marketing initiatives in the Eastern Cape and northern regions of South Africa resulted in a significant uptake.

Diversification into the food and beverage as well as non-agricultural sectors is critical to avoid the risks of the drought and the cyclical nature of the agricultural market. This is largely mitigated by the current research and development projects underway in the food sector.

VISION 2020 VISION – WYNBERG'S CONTRIBUTION

Following the strategic planning session held in 2015 which entailed an analysis of the business with the primary objective of having focused and aligned efforts across the business to deliver on its long-term goals, a five-year strategic plan to the year 2020 was implemented. The strategic plan has clear deliverables, strategic actions for each strategic lever as well as detailing clear time frames.

The following was achieved during 2017:

- The team has taken research initiatives to commercialisation products into the agricultural sector.
- The introduction and successful registration of additional products to the original 15 products in the ViBacSan range have been subject to independent evaluation and trials.
- The introduction of pre-harvest products to the local market has been extremely successful providing farmers with opportunities to meet international standards on food safety in the export of fruit and vegetables.
- The post-harvest products will add to the value chain in the agricultural sector. These are part of the products mentioned above and are used in the process following harvest and picking. Packhouses are the primary customer and a distribution agreement has been signed with a company to promote to the farms and packhouses nationally. It has been accepted in various regions and also tested and accepted by the Citrus Research Institute (CRI), which now gives it credibility to be marketed into new areas.
- Growth in the food and beverage sector is still in the research and development phase with pilot projects with bread manufacturers and other fresh product producers to extend shelf life. They have now strategised and budgeted for this in the new budget.

PROSPECTS AND FUTURE OUTLOOK

The Company developed a platform for growth which is estimated at 25% per annum based on the uptake of the product offering over the next three years. There are no planned acquisitions in the short to medium-term and organic growth is expected by increasing market share and penetration into both the pre- and post-harvest markets.

The main opportunity that exists is the international focus of a green economy and protecting the environment as they have acquired the rights to internationally recognised natural products supporting key industries that impact on the health and well-being of the population as a whole, ranging from domestic hygiene to food security.

The following prospects have been identified in reaching their Vision 2020 Vision:

- Growth of product portfolio in the food and beverage industry – the opportunities to capitalise on their empowered status and successfully attract international and local partners to expand their product portfolio.
- A joint venture is currently under negotiation which will bring new technology and innovative products into the South African economy with cost-effective improvements in food shelf life and quality.
- The food and beverage manufacturing and processing market sector has been planned for 2018 while the previous years' focus was predominantly on the agricultural sector.
- Conclude a joint venture local manufacturing agreement with a UK based company – this initiative will provide local jobs and require the transfer of new skills to staff.
- Product and market diversity – the diversity of their portfolio and their strategy to manufacture using local companies support the changes to the tender process, which has an increased preference for local suppliers and manufacturers.
- Expansion into new sectors with innovative products – a significant opportunity exists to capture a large portion of the infection control and hygiene and sanitation markets in the health delivery system; and the food processing and hospitality sectors with their internationally recognised, completely natural range of sanitation and hygiene products.
- Retention of business won – in a business environment that is based on a high level of relationship building, the successful retention of business won on this basis is a key measure of their performance.
- Expand into new markets outside of South Africa.

OPERATIONAL FOOTPRINT

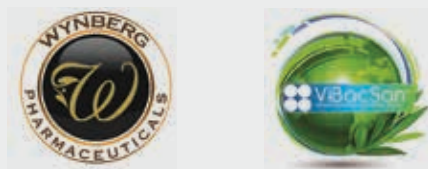
Wynberg's administrative function operates from the V&A Waterfront, Cape Town.

OPERATIONAL FOOTPRINT OF PRODUCTS

PROVINCE	CITIES/TOWNS
Western Cape	Hex Valley, Citrusdal, Ceres, Riebeeek Kasteel and Tulbagh
Eastern Cape	Patensie, Gamtoos, Sundays River Valley and Port Alfred
Limpopo	Groblersdal, Marble Hall, Hoedspruit, Polokwane, Letsitele, Tzaneen and Alldays
Mpumalanga	Nelspruit, Komatipoort, Hazyview, Malalane and Ogies Stad
Northern Cape	Keimos, Ograbies, Kakemas, Upington and Vaalharts
Free State	Bethlehem and Peksberg

PRODUCTS/BRANDS

COMPANY BRANDS



PRODUCT BRANDS



Detailed information about Wynberg's business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.

HEALTH AND BEAUTY – continued

ORLEANS COSMETICS (PTY) LTD (ORLEANS COSMETICS)**KEY FACTS**

CHIEF EXECUTIVE OFFICER	D Kourie
BOARD OF DIRECTORS	K Abdulla (chairman), AM Salie, CF Hendricks and AB Amod
EMPLOYEES	74
HEAD OFFICE	Tokai, Cape Town
FOOTPRINT	South Africa, Southern Africa including Namibia, Zimbabwe, Lesotho, Swaziland, Botswana, Mauritius and Madagascar

PROFILE

Orleans Cosmetics (Pty) Ltd was recently acquired and became a subsidiary of AEEI in May 2017. It was a business previously known as Orleans Distributors CC and RVB Cosmetics CC, which has been in business in South Africa for the past 21 years.

Orleans Cosmetics imports and distributes four cosmetic brands from Europe on an exclusive basis in South Africa and neighbouring territories, through retailers and beauty salons.

Orleans Cosmetics is the exclusive Southern Africa distributor of the following imported cosmetic brands, each one with a long international history:

- Gatineau – founded in France 82 years ago;
- NUXE – founded in France 25 years ago;
- RVB SKINLAB/diego dalla palma professional – founded in Italy 56 years ago; and
- Sothys – founded in France 71 years ago.

Gatineau and NUXE are sold in retail groups such as Truworths and Woolworths, while Gatineau is sold in Dischem with both brands being sold in beauty salons and spas.

RVB SKINLAB/diego dalla palma professional and Sothys are exclusively found in beauty salons and spas across the country.

The Company's present focus is on skin care with a particular emphasis on anti-ageing. The business has a make-up range in RVB SKINLAB/diego dalla palma professional.

2017 OPERATIONAL PERFORMANCE

Orleans Cosmetics was acquired in May 2017; hence only three months can be accounted for in terms of operational performance. For the three-month period ended 31 August 2017, revenue is expected R9,6m with net profit after tax of R0,6m.

VISION 2020 VISION – ORLEANS COSMETICS' CONTRIBUTION

Orleans Cosmetics' vision is to be a leading player in the prestige and masstige cosmetics industry in both the retailing industry and in beauty salons. It intends to acquire fragrance lines and additional make-up brands in order to complement its current skincare ranges.

PROSPECTS AND FUTURE OUTLOOK

The CEO of Orleans Cosmetics has a vast amount of experience in this industry, having worked with major brands for many years. As a result, he understands the industry very well and is well placed to drive the future growth of the business.

The key drivers in the business are the following:

- Superb customer service at point of sale through their dedicated, highly trained beauty consultants and the qualified beauty therapists employed by the salons
- Training of store consultants and beauty salon therapists
- Close strategic relationships with the key retailers
- Excellent management at head office and in the field, being the area managers
- Public relations and marketing

OUTLOOK FOR 2018

- Focus on strengthening the brand's presence in the market place
- Explore the possibility of obtaining additional agencies in fragrance and in make-up

The Company intends doubling the size of the business within the next four to five years. Growth will occur through a balance of organic growth and through acquisitions.

The intention is to retain the entrepreneurial spirit which already exists and to blend this with the business expertise which AEEI can provide. The Company has built a solid reputation over the years as being professional, well managed and responsive to the needs of its end customers and to the retailers and beauty salons.

As a subsidiary of AEEI, Orleans Cosmetics is very well positioned to be the partner of choice for both local companies and to represent overseas brands due to AEEI's B-BBEE credentials.

Industry statistics indicate that the luxury and masstige segments of the cosmetics market are considered to be in excess of R6bn per annum at retail prices and there is enormous potential growth for Orleans Cosmetics.

OPERATIONAL FOOTPRINT

The Company has the exclusive distribution rights from the four overseas-based principals for South Africa and Namibia and in certain cases it also has the exclusive rights to Mauritius, Madagascar, Zimbabwe, Swaziland, Botswana and Lesotho.

PRODUCTS/BRANDS

The Company is the exclusive South African and Southern Africa distributor of the Gatineau, NUXE, RVB SKINLAB/diego dalla palma professional and Sothys brands.



RVB SKINLAB

diego dalla palma
PROFESSIONAL



Detailed information about Orleans Cosmetics' business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.



BIOTHERAPEUTICS

GENIUS BIOTHERAPEUTICS (GENIUS)

BIOCLONES (PTY) LTD

KEY FACTS

CHIEF EXECUTIVE OFFICER	I Amod
BOARD OF DIRECTORS	K Abdulla, I Amod, C Ah Sing, CF Hendricks and R Latchman
EMPLOYEES	10
HEAD OFFICE	V&A Waterfront, Cape Town
FOOTPRINT	Cape Town and Centurion

PROFILE

Established in 1982, Genius is arguably the oldest health care biotechnology company in South Africa, if not the African continent, with a track record of investing in research and development work that led to successfully commercialising South Africa's first biosimilar product, Repotin, a recombinant human hormone known as erythropoietin (EPO).

Genius focuses on health care applications and more specifically on the production of biopharmaceutical products. Biopharmaceutical products include such therapeutics as hormones, protein-based drugs and antibodies.

Genius is a research and development biopharmaceutical group of companies which includes the following operational business units:

- Immunotherapy dendritic cell vaccine technology (DCV)
- Erythropoietin production, registered as Repotin
- Granulocyte-colony stimulating factor (G-CSF) product development
- Integrated Bioworks (IBW) reagents

2017 OPERATIONAL PERFORMANCE

The divisions are engaged in product development which are at different stages and the progress is as follows:

- Regulatory preparation and process validation phase for the production of EPO, a biosimilar drug used to treat anaemia caused by kidney disease

- Developmental work on DCV for cancer immunotherapy and non-communicable diseases such as extreme drug-resistant tuberculosis
- Further developmental activities at the Ribotech facility for a second biosimilar drug called Recogen, a G-CSF used for the treatment of neutropenia
- Production of protein-based reagents used mainly in research laboratories and industrial applications.

VISION 2020 VISION – GENIUS' CONTRIBUTION

The outlook for Genius and their value proposition is based on a long-term vision and value-add that is linked to defined milestones.

Unlike other typical investments in other sectors, Genius works to achieving milestones in their developmental stage, hence a five-year strategic plan to the year 2020 was implemented with clear deliverables and strategic actions for each strategic lever as well as detailed clear time frames.

- The cell culture division is currently manufacturing EPO and is undergoing regulatory preparation with "mock-runs"
- The DCV project is preparing for phase 1 human clinical trial in breast cancer patients and performing pre-clinical trials on X-DR tuberculosis
- Further development work for the production of a second biotech drug for humans

PROSPECTS AND FUTURE OUTLOOK

The following prospects have been identified:

SHORT-TERM PROSPECTS:

- For Repotin production, processes, updates and regulatory framework are to be completed by 2018
- Secure funds to complete final filling solutions for recombinant products for both Repotin and Recogen
- Further research and development work in order to continue to production phase
- Begin the phase 1 human clinical trial in breast cancer patients and pre-clinical work on other diseases
- Integrated Bioworks to generate revenue from the sale of laboratory reagents and increase its product offering
- Based on the phase 1 trial results – accelerate the listing of Genius to obtain the necessary capital to complete phase 2 and 3 trials

MEDIUM- TO LONG-TERM:

- Optimise and increase the production output of Repotin so that it is able to meet market demand by 2020 and introduce additional formulation strengths to enter the oncology market
- Introduce an additional range of recombinant and biologically derived products through a licensing agreement with an international partner
- Partner with a South African multinational pharmaceutical company to secure a sales and marketing channel for local and international biological markets
- Plan and prepare to list Genius on a foreign stock exchange

FOOTPRINT

The Genius Group has two state-of-the-art medium-sized biopharmaceutical laboratory facilities, one in Cape Town and the other in Centurion, Pretoria.

PRODUCTS/BRANDS

COMPANY BRAND



PRODUCT BRANDS

Dendrovac is registered as the commercial brand for the cancer DCV immunotherapy treatment.
 Bioclones has two EPO therapeutics registered – Repotin 2000 and Repotin 4000.
 Recogen is the registered commercial brand for G-CSF therapeutic.



Detailed information about Genius' business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.



EVENTS AND TOURISM

CONTRIBUTION TO
REVENUE

R118,3m

CONTRIBUTION TO
OPERATING PROFIT

(R1,5m)

ESPAFRIKA (PTY) LTD (ESPAFRIKA)

KEY FACTS

CHIEF EXECUTIVE OFFICER	K Abdulla (acting)
BOARD OF DIRECTORS	VC Mehana, K Abdulla, CF Hendricks, M Domingo and S Ramdenee
EMPLOYEES	19
HEAD OFFICE	Claremont, Cape Town
FOOTPRINT	Western Cape, North West, KwaZulu-Natal and Limpopo

PROFILE

espAfrika is a cutting-edge global competitor in events management. Over the past decade, they have staged international music festivals throughout Africa and under their leadership; the Cape Town International Jazz Festival has been named the fourth best jazz festival worldwide by Melodytrip Independent Survey in 2007, the Best Festival in Cape Town in the OFLOCAL 2015 poll and in 2016 was voted one of the World's Best Festivals by FEST 300. The festival contributes over R0.9bn to the gross domestic product (GDP) of the South African economy.

espAfrika's highly skilled team of professionals is able to produce and host a range of events, from festivals to

corporate functions, gala dinners and conferences. This innovative events management Company thrives on challenges and their collective energy produces dynamic results. espAfrika's primary strategy is to use indigenous resources and they collaborate with local businesses and the public to ensure that all stakeholders benefit from this collaboration.

espAfrika consistently aspires and inspires new business within the events and entertainment sector throughout Africa. Having diligently established trustworthy relationships in the international music industry, espAfrika ensures a lucrative flow of artists and expertise between Africa, Europe, Asia and the USA.

2017 OPERATIONAL PERFORMANCE

Despite the current challenging economic climate espAfrika managed to fund all its operations without having recourse to external funding and delivered a successful Cape Town International Jazz Festival as well as the Royal Escape Experience at Sun City. The Company contributes positively to all its stakeholders and with its future growth plan, it will further strengthen its sustainability and returns to all the stakeholders.

VISION 2020 VISION – ESPAFRIKA'S CONTRIBUTION

A detailed review of espAfrika was done in 2015 with the primary objective of returning the Company to solvency and building a sustainable business going forward with adequate return to all its shareholders. A five-year strategic plan to the year 2020 was developed and implemented with clear deliverables and strategic actions to meet its stated objectives.

espAfrika is on target to achieve its Vision 2020 Vision goals.

2017 Achievements to date include:

- Funded its events through its own cash resources without recourse to external funding

- Further developed the Royal Escape Experience as a sustainable and flagship event for the Company outside the Western Cape
- Secured two new annual events for the Company in KwaZulu-Natal and Limpopo respectively
- Hosted a successful Cape Town International Jazz Festival and Royal Escape Experience events during the year
- Maintained good employee moral and a rewarding working environment
- Delivered sustainable returns to stakeholders

PROSPECTS AND FUTURE OUTLOOK

With the establishment of two new annual events in Limpopo and KwaZulu-Natal, the Company will now have four annual Company-owned events. This will allow the Company to maximise the use of its existing resources throughout the year and as a result, further improve on its profitability and sustainability, as well as create more employment to further contribute to the socio-economic impact.

EVENTS AND TOURISM – continued

In addition to the new Company-owned events, espAfrika will seek opportunities to produce and manage additional events on behalf of clients and establish the Company as the leader in events production and management in the country.

Through the existing and new business initiatives, social development and innovative leadership programmes, the previously disadvantaged communities will be able to have more access and opportunities to this industry.

The following has been identified in reaching their Vision 2020 Vision:

- Successfully launch the new music event in KwaZulu-Natal and Limpopo

- Further develop the Royal Escape Experience brand
- Secure sponsorship for existing and new events
- Expand into new markets outside of South Africa

FOOTPRINT

espAfrika now operates in the Western Cape, North West, KwaZulu-Natal and Limpopo and is now truly a national Company.

PRODUCTS/BRANDS

COMPANY BRAND



BRANDS



Detailed information about espAfrika's business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.

TRIPOS TRAVEL (PTY) LTD (TRIPOS)

KEY FACTS

GENERAL MANAGER	R Romaney
BOARD OF DIRECTORS	K Abdulla, CF Hendricks, AM Salie and L Burt
EMPLOYEES	11
HEAD OFFICE	Woodstock, Cape Town
FOOTPRINT	Western Cape

PROFILE

Tripes has been in existence since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events. While Tripes are specialists in corporate travel, they provide a service in both the corporate and leisure markets. In the tours and events department, they focus on inbound tours to Southern Africa for groups and independent travellers.

Tripes has long-term contracts with corporate clients and independent (on and off-site) travel consultants.

Tripes aims to:

- deliver a superior service while actively contributing to the development of people in the travel industry;
- invest in leading-edge technology to service clients online and in person;
- develop their employees;
- build strong relationships and leverage its membership in the Sure group to provide clients with the best prices;
- grow the inbound tourism business; and
- ultimately delivery good sustainable returns to their stakeholders.

EVENTS AND TOURISM – continued

OPERATIONAL PERFORMANCE

The challenging economic conditions had a negative impact on corporate travel margins with companies looking to cut costs, thereby creating a competitive arena for travel companies. Tripos managed to increase their revenue by increasing the number of clientele. However, they were unable to improve on the margin from corporate travel due to the downward pressure on pricing resulting from the competitive markets and the continued growth of online booking tools and the sharing economy.

Tripos managed to increase its outbound leisure sales considerably, albeit from a lower base but was unable to gain traction in the inbound tourism market which declined. Since greater margins are achieved in the leisure and inbound tourism side of the business, the impact has been a lower profit margin than originally budgeted. To address this, Tripos is investing more resources into the growth of their leisure and inbound tourism departments.

The cash flow management improved with a complete overhaul of the back office administration department. The efficiency in debt collection has improved and the Company is able to meet its day-to-day obligations through working capital.

VISION 2020 VISION – TRIPOS' CONTRIBUTION

A detailed analysis of Tripos was done in 2015 with the primary objective of having focused and aligned efforts across the business to deliver on its long-term goals.

A five-year strategic plan was implemented with clear deliverables and strategic actions for each strategic lever as well as detailed clear time frames.

Below is a high-level outline of their progress of their Vision 2020 Vision strategic goals:

- Tripos continues to grow by focusing on:
 - growing their share of the corporate market by concentrating their efforts to grow the number of corporate clients, NGOs and government business;
 - concentrating more of its resources to the outbound leisure market and in addition to a senior travel consultant. Tripos employed an additional person, with targets and incentives to grow this part of their business; and
 - investing resources in promoting Southern Africa and niche tours to grow its share of the inbound market and remain open to partnering with established businesses in this sector.
- Tripos' relationship with the SURE Consortium has strengthened in that they continue to provide support in all aspects of their business, from client acquisition to supplier contract negotiation.
- Tripos was elected as the official Travel Partner by espAfrika, the owner and producer of the 18th Cape Town International Jazz Festival.
- A key value of Tripos is to put the customer first. This is entrenched in their values, staff coaching, training, incentives and allocation of resources.

PROSPECTS AND FUTURE OUTLOOK

South Africa's tourism grew in volume by 2.8% compared to 2015 to a total of 34,3m tourists. Total tourism revenue of approximately R102bn was injected into the South African economy in 2016. This is an 11.1% increase compared to 2015. Almost 70% (R75,5bn) was generated from international tourists. Tripos is planning to grow this part of their business to exploit the increase in tourism revenue and better margins available from this income stream.

The outbound leisure business continues to grow and Tripos will continue to pursue growth in this market.

Tripos' overall objective is to grow the leisure and inbound tours part of their business more aggressively than the corporate side of the business, thereby changing the sales mix to attain better margins.

The actions in progress to achieve this are listed below:

- Develop, promote and sell inbound packages for Southern Africa
- Evaluate prospects for acquisitions in the inbound tourism sector

- Sell niche packages for The Cape Town International Jazz Festival as the official travel partner on a long-term basis
- Sell niche packages for The Harley Davidson Tours
- Promote and sell outbound leisure packages
- Work closely with their suppliers to provide the best deals to their clients
- Sell the service to arrange meetings, incentive travel, conferences and corporate events for corporate clients
- Arrange customer service and sales training for all staff
- Improve systems and efficiency

OPERATIONAL FOOTPRINT

Tripos Travel has a single office in Cape Town with their corporate client list being predominantly Cape Town-based with a small percentage (less than 5%) based in Gauteng.

Its inbound tours department specialises in providing services in Southern Africa.

PRODUCTS/BRANDS

BRAND IDENTIFICATION



Detailed information about Tripos' business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.

EVENTS AND TOURISM – continued

MAGIC 828 (PTY) LTD (MAGIC 828)**KEY FACTS**

CHIEF EXECUTIVE OFFICER	A Sanderson-Kasner
BOARD OF DIRECTORS	K Abdulla, C Ah Sing, CF Hendricks and AB Amod
EMPLOYEES	20
HEAD OFFICE	Mowbray, Cape Town
FOOTPRINT	Western Cape

PROFILE

Magic 828 is a medium-wave (AM/MW) independent commercial music radio station, broadcasting to the Western Cape region. Their studios are situated in Mowbray, Cape Town with a transmitter sited at the centre of a geographic triangle with Paarl, Durbanville and Malmesbury as the three corner points.

Magic 828 radiates a 25 000 watt signal to all areas of the Western Cape, unrestricted by mountainous terrain. The transmitter is five generations up on existing medium-wave transmitters in South Africa. Magic 828 broadcasts in digital/stereo and streams via its website, or the TuneIn mobile application where listeners will receive Magic 828 in digital/stereo.

The essential format of the radio station is one of “old school” charted hits of past music, mixed with a little talk. They feature competitions, banter, music, history and headlines in sport, news, weather, financial indicators, as well as community information.

2017 OPERATIONAL PERFORMANCE

The radio station continues to function smoothly and efficiently. Daily training in different areas as well as fine tuning, continues as they keep a professional running sound and presentation. Magic 828 have had minor equipment malfunctions which is normal in this industry as well as having to replace small parts.

The radio station is built on an advertising revenue model driven primarily by listenership. Advertising revenue continues to increase as a result of the listenership increasing from 43 000 to 130 000 in year one and to over 341 000 in their second year – an increase of 200%

year-on-year. With their base costs now established and stabilised, Magic 828’s focus will turn to marketing and exploring various product offerings.

Although Magic 828 has a large audience, it is pertinent to all radio stations that the proof of their audience size enables advertising. To some extent they have overcome this and the obstacle of a change of RAMS company whose new entry into the market created chaos in the radio industry whereby two stations are no longer broadcasting but were given listenership whilst others received nothing. Magic 828 is managed under the corporate office.

VISION 2020 VISION – MAGIC 828’S CONTRIBUTION

A detailed analysis of Magic 828 was done in 2015 with the primary objective of having focused and aligned efforts across their business to deliver on their long-term goals. A five-year strategic plan to the year 2020 was implemented with clear deliverables and strategic actions for each strategic lever as well as detailing clear time frames.

Magic 828 is on target to achieve its Vision 2020 Vision goals. Their financial target is to break even within three years from going live in October 2015 and being able to start repaying shareholders loans by 2020.

2017 Achievements to date include:

- Continuously creating brand awareness and increasing listenership;
- Increasing local sales team;
- Ongoing involvement with outside broadcasts and providing assistance to community radio stations;

- Minor breakthrough in government business;
- Creation of affordable packages to entities previously not advertising on radio;
- Breakthrough of agency business, which make up 60% of the total gross revenue;
- Efficient cost base;
- Delivered sustainable returns to shareholders;
- Nominated for the “Best Breakfast Show” at the Liberty Radio Awards; and
- Their CEO was inducted into the wall of fame.

PROSPECTS AND FUTURE OUTLOOK

Magic 828 has aligned its business model to ensure that their business structure, processes and objectives are aligned to the requirements of their ICASA radio licence.

The main opportunity that exists for Magic 828 is that agency business through their sales house “The Media Connection” started showing growth in the last quarter of the 2017 financial year. The advertising revenue from their sales house is set to grow significantly compared to the previous years. Magic 828’s management have adopted a 50|50 business model whereby direct local sales will continue to increase steadily on a monthly basis throughout the years leading up to 2020.

The following prospects have been identified in reaching their Vision 2020 Vision:

- Further increasing brand awareness and increasing listenership;
- Explore opportunities of obtaining government business with the assistance of their partners;

- Construct a road show to visit agencies in three centres Gauteng, Cape Town and KwaZulu-Natal. This has been proven by other stations to be exceedingly successful;
- Perform at various community events encouraging the underprivileged to participate;
- Extending their broadcasting via programming from Magic 828 AM on FM community stations;
- Protecting their industry to create more employment;
- Further advertising opportunities arising due to the exposure of their station;
- Further growth in listenership;
- Continue to look at joint ventures in marketing and advertising;
- In conjunction with another entity create an e-Entertainment magazine realising further advertising and income;
- Employing more people on an equal employment basis, as well as obtaining the HDP levels of 70% as per the ICASA licence agreement; and
- Increasing their broadcast area.

FOOTPRINT

Listenership is in the Cape Town and the greater Western Cape region with Paarl, Durbanville and Malmesbury as the three corner points.

PRODUCTS/BRANDS

BRAND IDENTIFICATION



Detailed information about Magic 828’s business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.



STRATEGIC INVESTMENTS

CONTRIBUTION TO REVENUE

R30m

CONTRIBUTION TO OPERATING PROFIT

(R37m)

BT COMMUNICATION SERVICES SOUTH AFRICA (PTY) LTD (BT)



BT has been present in South Africa for more than 17 years and is continuing to expand its operations in sub-Saharan Africa. BT Communications Services South Africa entered into an agreement with AEEI, under which AEEI holds a 30% share in BT's South African business. This partnership is a demonstration of BT's long-term commitment to South Africa and the B-BBEE agenda.

MARKET/SERVICES

BT is focused on serving the increasing requirements of both South Africa-based multinationals expanding globally as well as global companies that are expanding their presence into South Africa and the rest of Africa. BT has experience across all industry sectors and has unrivalled expertise in the financial services, mining, oil and gas, government, health care and media and broadcast sectors.

Customers include more than 300 blue chip clients in South Africa, including Anglo American, Unilever, Thomson Reuters, Barclays Bank Africa and VISA.

BT has extended its next-generation global IP network into South Africa to three global points of presence within South Africa. BT's Global Media Network is also being extended to South Africa with the deployment of the media and broadcast node in Johannesburg, enabling the delivery of high-quality, real-time video content between South Africa and popular media hubs worldwide.

BT has also extended its global managed voice network into South Africa, providing carrier-grade global voice services including global termination services for outbound voice requirements both mobile and fixed-line originated, global inbound voice services for South African call centre operations, as well as extending BT Conferencing services into the region.

On top of these network services delivered by the BT 21st Century Network platform globally, BT also delivers unified communications and collaboration services, including Immersive Telepresence, Managed LAN and IPT services as well as the Security and Consulting services that form an essential part of these offerings. BT has been present in South Africa for more than 17 years and is continuing to expand its operations in Sub Saharan Africa.

Further information on this strategic investment can be found on: www.bt.com/globalservices.

BT is part of BT Global Services based in the United Kingdom – further information can be found on: www.globalservices.bt.com/uk/en/aboutus.

Note: BT and its profits are now disclosed under the technology division.



SAAB GRINTEK DEFENCE (PTY) LTD (SAAB)



Through the years, the majority of Saab's business units have been active in South Africa and involved in developing solutions for the African Armed Forces in a number of different areas.

Saab has reinforced its position as a leading South African defence and security company, bringing capabilities including electronic warfare systems, sensor technology, command and control, training systems, avionics, security and support solutions to the African and international markets.

With new and improved technological systems and solutions, Saab increases a country's defence capabilities and provides innovative, effective products and services for those tasked to maintain security. The Company also works with various stakeholders in gathering data and providing insight into how security threats evolve and what the best market-customised solutions are.

Saab is able to work with customers to create solutions that meet their needs and budgets and many of the Company's solutions can be retrofitted to existing infrastructure, further enhancing their versatility and cost-efficiency.

As the exporting of products represents almost 75% of the South African company's total turnover, Saab was awarded the Best Exporter Award by the SA Premier Business Awards in 2013, 2014 and 2016. Hosted by the Department of Trade and Industry in partnership with Proudly South Africa and Brand South Africa, the award recognises the spirit of success, innovation and good business ethics in the economy.

Important markets beyond the country's borders is where the Company intends to maintain and expand its successes include India, Asia Pacific and Europe. On the continent, markets of particular focus include Namibia, Botswana, Kenya, Ghana and Nigeria, while the Company's solutions and services are at home in many nations beyond these. Saab and Tata Power Strategic Engineering Division recently signed a Memorandum of Understanding as part of the 'Make in India' programme that promotes defence trade manufacturing in India and creates new export opportunities for South Africa.

Saab offers practical services to a wide range of sectors, including conservation, mining, health support services, peace-keeping, air traffic control, weather forecasting and other sectors that require sophisticated military-grade technology to deliver the best solutions for civilian safety and protection. The Company's local aeronautics business focuses on the marketing and sales of all aeronautics products and services, programme components and support for its Gripen Fighter System, supplied to the South African Air Force.

With 650 members of staff across two campuses in Pretoria and Cape Town, the Company represents the second largest of Saab's workforces worldwide out of the 70 countries in which it operates, with the local team researching, developing, producing, exporting, maintaining and upgrading world-standard technologies.

Further information on this strategic investment can be found on: www.saab.com/region/saabafrica/.



STRATEGIC INVESTMENTS – continued



PIONEER FOODS GROUP LTD (PIONEER FOODS)

Pioneer Foods was established in 1997 and listed on the Johannesburg Stock Exchange (JSE) in 2008.

Pioneer Foods is one of the largest South African producers and distributors of a range of branded food and beverage products. The Group operates mainly across South Africa, providing wholesale, retail and informal trade customers with products of a consistently high standard. Pioneer Foods exports to more than 60 countries across the globe. The growing international business represents 21% of operating profit.

The Group operates a number of world-class production facilities producing a range of products that includes some of the most recognisable and best loved brand names in South Africa, including the following power brands: Weet-Bix, Liqui-Fruit, Ceres, Sasko, Safari, Spekko and White Star.

They have three main divisions:

- **Essential Foods** – manufactures wheat and maize products, pasta; it packs rice, beans and other dried vegetables and has large bakery operations;
- **Groceries** – produces breakfast cereals, rusks, cake mixes, baking aids, dried fruit products, nuts, sweet and savoury spreads, processed salads, long-life fruit juices, fruit concentrate mixtures and dairy fruit blends; and

- **International** – is primarily structured around an export business model which is managed across two channels, namely Africa and rest of the world. This division also incorporates the Group's fruit operations and the wholly owned Bokomo Foods UK business.

They have joint venture investments based in South Africa, Nigeria, Botswana and Namibia which include:

- Heinz Foods SA (49.9%)
- Bowman Ingredients South Africa (50%)
- Bokomo Namibia (50%)
- Bokomo Botswana (50%)
- Food Concepts Pioneer Ltd, Nigeria (50.1%)
- Alpen Food Company SA (50%)
- Amigear Ventures Botswana (49%)

Further information on this strategic investment can be found on: www.pioneerfoods.co.za.



SYGNIA LTD (SYGNIA)



Sygnia is an innovative FinTech Company based in South Africa and listed on the main board of the JSE. The Company provides asset management, stockbroking and administration services, as well as a wide range of savings products, to institutional and retail clients. All that they do is supported by leading-edge technology platforms.

The main services provided by Sygnia include: asset management, transaction management, investment administration, liability administration, stockbroking and digital financial advice.

The primary institutional clients span both the private and public sector and include retirement funds, Umbrella Funds, life insurers, third-party multi-managers, endowments and other special purpose funds. The primary retail clients include individual members and beneficiaries of retirement funds, as well as the wider individual savings market.

Sygnia manages and administers assets on behalf of over 600 domestic and international institutional clients and over 6 000 individual clients. The integrity of these relationships is the core of their business. Sygnia's principal geographic focus is South Africa, where it has been operating in its current form since November 2006.

SYGNIA AT A GLANCE:




- R174bn in assets under management and administration
- R14bn in unit trusts since launch in 2012
- Over 600 institutional clients (domestic and international)
- Over 6 000 individual clients
- Over 190 employees
- Market disruptor business strategy
- Focus on innovation through technology
- Most cost-effective savings products in South Africa, with fees starting at 0.40% per annum
- Level 2 contributor in terms of the Financial Sector Charter



Further information on this strategic investment can be found on: www.sygnia.co.za.





CONDENSED FINANCIAL **STATEMENTS**

-
-  Audit and risk committee report
 -  Directors' responsibilities and approval
 -  Directors' interest in contracts

-  Report of the company secretary
-  Report of the independent auditors

-  Directors' report

- 168** Condensed financial statements and explanatory notes

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Audited Group 31 August 2017 R'000	Restated Audited Group 31 August 2016 R'000
ASSETS		
Non-current assets	1 855 213	1 428 019
Property, plant and equipment	154 527	147 086
Goodwill	82 940	56 832
Intangible assets	384 027	338 640
Investment in associate	780 559	169
Investment in joint ventures	33	115
Other loans receivable	8 366	9 496
Other financial assets	425 524	856 571
Deferred tax	17 578	17 310
Prepayments	1 659	1 800
Current assets	966 940	263 200
Inventory	64 181	45 439
Biological assets	54 323	48 169
Other loans receivable	26 771	6 805
Current tax receivable	1 591	1 465
Trade and other receivables	195 050	96 482
Cash and cash equivalents	625 024	64 840
Total assets	2 822 153	1 691 219
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and share premium	403 177	403 177
Reserves	8 030	8 034
Retained income	866 286	505 241
Equity attributable to parent	1 277 493	916 452
Non-controlling interests	760 627	84 583
Total equity	2 038 120	1 001 035
Non-current liabilities	461 302	560 008
Other financial liabilities	245 622	253 004
Deferred tax	211 046	299 102
Other non-current liabilities	4 634	7 902
Current liabilities	322 371	130 176
Trade and other payables	169 984	74 262
Other financial liabilities	47 232	12 587
Other current liabilities	485	260
Provisions	27 642	23 390
Bank overdraft	44 522	9 771
Current tax payable	32 506	9 906
Liabilities of disposal groups	360	-
Total equity and liabilities	2 822 153	1 691 219
Net asset value (NAV) per share (cents)	260.00	186.52

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2017

	Audited Group 31 August 2017 12 months R'000	Restated Audited Group 31 August 2016 12 months R'000
Revenue	1 052 196	735 569
Cost of sales	(654 210)	(460 278)
Gross profit	397 986	275 291
Other income	3 960	2 712
Other operating expenses	(297 289)	(168 960)
Net impairments, impairment reversals and write off	(2 605)	5 363
Fair value adjustments	535 083	194 947
Gain on bargain purchase	11 898	-
Gain on disposal of business	6 019	1 034
Profit from equity accounted investments	30 203	242
Investment revenue	23 903	3 305
Finance cost	(28 267)	(26 194)
Profit before taxation	680 891	287 740
Taxation	(155 029)	(79 332)
Profit from continuing operations	525 862	208 408
Discontinued operations		
Profit from discontinued operations	2 810	119
Profit for the year	528 672	208 527
Other comprehensive income:		
Exchange differences on translating foreign operations	(4)	-
Total comprehensive income	528 668	208 527
Equity holders of the parent	477 085	216 623
Non-controlling interest	51 583	(8 096)
	528 668	208 527
Basic and diluted earnings per ordinary share (cents)	97.10	44.09
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	491 339	491 339

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2017

	Attributable to parent R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 September 2015	712 106	92 443	804 549
Restated profit for the year	216 623	(8 096)	208 527
Dividends paid	(12 292)	(2 234)	(14 526)
Changes in ownership interest	15	(50)	(35)
Changes in ownership – control not lost	–	2 520	2 520
Restated balance at 31 August 2016	916 452	84 583	1 001 035
Profit for the year	477 089	51 583	528 672
Other comprehensive income	(4)	–	(4)
Changes in ownership interest (disposal and share issue) – control not lost	(91 355)	620 544	529 189
Dividends paid	(25 804)	(5 985)	(31 789)
Business combinations	1 115	9 902	11 017
Balance at 31 August 2017	1 277 493	760 627	2 038 120

CONDENSED GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Audited Group 31 August 2017 R'000	Restated Audited Group 31 August 2016 R'000
Cash generated by operations	73 478	86 385
Investment revenue	23 903	3 305
Dividend revenue	30 064	30 045
Finance cost	(28 267)	(26 188)
Other operating activities	(19 646)	(18 170)
Net cash flows from operating activities	79 532	75 377
Cash flows from investing activities		
Net movement in property, plant and equipment	(24 485)	(12 464)
Net movement in intangible assets	(1 859)	(2 060)
Business combination	(1 559)	-
Movement in other investing activities	(3 503)	(6 930)
Proceeds from sale of financial assets	-	20 000
Purchase of financial assets	(14 118)	(136 509)
Proceeds from investment in associates	16 183	-
Net cash flows from investing activities	(29 341)	(137 963)
Repayment of other financial liabilities	(46 006)	(59 789)
Receipt of other financial liabilities	45 519	171 839
Change in ownership	507 518	-
Dividends paid including minorities	(31 789)	(13 042)
Net cash flows from financing activities	475 242	99 008
Total cash movement for the year	525 433	36 422
Cash and cash equivalent at the beginning of the year	55 069	18 647
Cash and cash equivalents at the end of the year	580 502	55 069

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

Basis of preparation

The condensed consolidated annual financial statements are prepared in accordance with the JSE Ltd (JSE) Listings Requirements and the requirements of the Companies Act, applicable to summarised audited financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of the International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also that they, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the summarised consolidated annual financial statements from which the summary consolidated annual financial statements were derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

This summarised report is extracted from the audited financial statements, but is not itself audited. The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements. The full audited annual financial statements and audit report are available for inspection at the registered offices and at www.aeei.co.za.

The audited annual financial results were prepared by the Group financial manager, Wakeel McLachlan BCom (Hons), CA(SA) and were audited by the Group's external auditors, Grant Thornton Cape Inc. An unqualified opinion has been issued.

Reporting entity

AEEI is a Company domiciled in South Africa. These condensed consolidated annual financial statements for the year ended 31 August 2017 comprises AEEI the Company and its subsidiaries (the Group) and interests in associates and joint ventures. AEEI is a black-owned and B-BBEE controlled entity, which holds interests in six sectors and promotes B-BBEE and sound corporate governance practices.

Use of judgements and estimates

In preparing these condensed annual financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements for the year ended 31 August 2016.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. The fair-valuation calculations are performed by the Group's finance department and operational team on an annual basis. The finance department reports to the Group's chief financial officer. The valuation reports are approved by the investment committee in accordance with the Group's reporting policies.

Related parties

The Group, in the ordinary course of business, entered into various sales and purchases transactions on an arm's length basis with related parties.

DETERMINATION OF HEADLINE EARNINGS

		Audited 31 August 2017 12 months R'000	Restated Audited 31 August 2017 12 months R'000
Earnings attributable to ordinary equity holders from continuing operations of parent entity	IAS 33	474 275	216 504
Earnings attributable to ordinary equity holders from discontinued operations of parent entity	IAS 33	2 810	119
Earnings attributable to ordinary equity holders of parent entity		477 085	216 623
Adjusted for:			
Impairment of intangible assets	IAS 38	-	(4 368)
Loss on disposal of property, plant and equipment	IAS 16	2 048	419
Gain on disposal of subsidiaries/business	IFRS 3	(4 334)	(744)
Gain on bargain purchase	IFRS 3	(8 567)	-
Headline earnings		466 232	211 930
- Continuing operations		463 422	211 811
- Discontinued operations		2 810	119
Weighted average number of shares ('000)		491 339	491 339
Headline earnings and diluted headline earnings per share (cents)		94.89	43.13
- Continuing operations		94.32	43.11
- Discontinued operations		0.57	0.02
Reconciliation of operating profit			
Total operating profit for reportable segments		655 052	310 387
Adjusted for:			
Profit from equity accounted investments		30 203	242
Investment revenue		23 903	3 305
Finance cost		(28 267)	(26 194)
Profit before taxation		680 891	287 740
Taxation		(155 029)	(79 332)
Profit for the year and total comprehensive income from continuing operations		525 862	208 408
Profit from discontinued operations		2 810	119
Profit for the year		528 672	208 527
Other comprehensive income		(4)	-
Total comprehensive income for the year		528 668	208 527

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

Significant events:

1. BUSINESS COMBINATIONS

Aggregated business combinations

	Audited 31 August 2017 12 months R'000
Property, plant and equipment	5 922
Intangible assets	44 797
Other loans and receivables	1 153
Deferred tax	(12 543)
Inventories	4 458
Trade and other receivables	62 756
Cash and cash equivalents	12 966
Other financial liabilities	(3 797)
Provisions	(1 495)
Trade and other payables	(65 770)
Current tax payable	(1 092)
Total identifiable net assets	47 355
Non-controlling interest	(9 902)
Goodwill	30 740
Gain on bargain purchase	(11 755)
Total purchase price	56 438
Consideration paid	
Cash	33 499
Equity – ordinary shares in AYO Technology Solutions Ltd (AYO Technology)	15 301
Contingent consideration	7 638
	56 438
Net cash outflow on acquisition	
Cash consideration paid	(14 525)
Cash acquired	12 966
	(1 559)

Acquisition of Kalula Communications (Pty) Ltd (trading as Headset Solutions) and Puleng Technologies (Pty) Ltd (Puleng)

During the year, AEEI via AYO Technology acquired two businesses in order to bolster the Group's technology division in line with its acquisition strategy.

Effective 1 September 2016 and 1 October 2016, the Group acquired 51% of the voting interest of Headset Solutions and 57% of equity interest in Puleng. The consideration paid for these businesses amounted to R42m with a cash portion of R19,2m payable on the effective date and balance settled with an issue of AYO Technology's shares. Headset Solutions is involved in headsets and unified communication devices and service which enhances the Group's strategy to diversify its IT portfolio.

Puleng is involved with software development and internet security specialised services which complement the other IT businesses.

Goodwill of R30,7m arising from the acquisitions largely consists of the synergies and economies of scale expected from combining the operations, as well as an intangible asset which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Non-controlling interest, which is a present ownership interest and entitle their holders to proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

The contingent consideration arrangement requires the Group to pay the previous owners an amount of R3,5m per annum for the next three years if the companies achieve profit warranties which includes 75% of their free cash flow.

Receivables acquired per major class comprises of trade and other receivables of R62,8m.

The acquisition related costs of R0,5m have been included in operating expenses in the statement of profit or loss and other comprehensive income.

Revenue of R315m and profit of R18,5m have been included in the Group's trading results since the effective date of acquisition.

Acquisition of Orleans Cosmetics (Pty) Ltd (Orleans)

Effective 1 May 2017, the Group acquired 90% of the voting interest of Orleans. The consideration payable for this businesses amounted to R14,2m with. Orleans is the exclusive South African and Southern African distributor of imported, high-end cosmetic brands such as Gatineau, NUXE, RVB SKINLAB, diego dalla palma professional and Sothys.

A gain on bargain purchase of R11,8m was recognised from the acquisition largely consists of the synergies and economies of scale expected from combining the operations, as well as an intangible asset which did not qualify for separate recognition.

Non-controlling interest, which is a present ownership interest and entitles their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

The acquisition related costs of R0,5m have been included in operating expenses in the statement of profit or loss and other comprehensive income.

Revenue of R9,7m and profit of R11,8m have been included in the Group's trading results since the effective date of the acquisition.

Business combinations subsequent to year-end before reporting period

The Group, through its subsidiary Premier Fishing SA (Pty) Ltd entered into a binding Heads of Agreement with Talhado Fishing Enterprises (Pty) Ltd (Talhado) to acquire a 50.01% stake in the business. The effective date of the transaction is 30 November 2017, subject to conditions precedent in the Heads of Agreement. Talhado is the largest squid player in the South African market and the acquisition fits in line with the Group's growth strategy to expand organically or through acquisitions.

2. INVESTMENT BECOMES AN ASSOCIATE

The Group holds a 30% equity interest in BT Communication Services South Africa (Pty) Ltd (BT). This investment was accounted for at fair value through profit and loss on 31 October at R979m.

On 23 November 2016, the Board of directors of BT was rearranged which resulted in AEEI having the ability to participate in policymaking processes, including the participation in decisions in relation to dividends resulting in the Group obtaining significant influence. As a result, the investment is treated as an associate in line with IAS 28.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

2. INVESTMENT BECOMES AN ASSOCIATE (CONTINUED)

However, the fair value of the investment has been deemed to be the cost and is equity accounted for from 23 November 2016. The impact of the change resulted in the investment being recognised as an associate at R781m for the year under review. The financial effects are detailed below:

	Audited 31 August 2017 12 months R'000
Investment at fair value as at 31 August 2016	409 211
Fair value adjustment up to 31 October 2016	570 000
Investment at fair value as at 31 October 2016	979 211
Amount transferred to investment in associate	979 211
Deferred tax liability raised to date of transfer	(213 283)
Share of profits in associate	30 814
Dividends received from associate	(16 183)
Investment in the associate as at 31 August 2017	780 559

Change in ownership without loss of control

During January 2017, AEEI acquired additional shares in Bioclones (Pty) Ltd through its wholly owned subsidiary, African Biotechnological and Medical Innovations (Pty) Ltd (ABMI) by means of a rights issue amounting to R103m through its loan account. This resulted in the Group's shareholding increasing from 49.99% to 73.70%. The impact of the transaction in the Group's equity and non-controlling interest amounted to R19,1m which is reflected directly in the statement of changes in equity.

During the year under review the Group acquired Headsets Solutions and Puleng on the 1 September 2016 and 1 October 2016 respectively as reflected in the business combination note above. As part of the purchase consideration, the Group would issue 10,1m ordinary shares in AYO Technology Solutions Ltd. These share issues resulted in the Groups shareholding being diluted from 94.03% to 89.50%.

The equity issued by the Group as consideration resulted in a dilution of the Group's shareholding without control being lost, therefore accounted for directly in equity with non-controlling shareholders.

The above transactions resulted in the Group's equity decreasing by R4,3m and the non-controlling interest increasing by R15,1m.

Upon the listing of Premier Fishing and Brands Ltd (PFB) (Formerly Sekunjalo Industrial Holdings Ltd) on the main board of the JSE Ltd, the Company issued shares to the public which resulted in AEEI's shareholding diluting from 100% to 55%. The change in ownership resulted in the Group's retained income decreasing by R106m to R157m and the non-controlling interest increasing by R642m.

3. SALE OF BUSINESSES

During the current year, the Group disposed the going concern in Saratoga Software (Pty) Ltd (Saratoga). Total net assets of R13,3m was sold, of which R4,6m was in relation to goodwill. The consideration receivable amounted to R19,4m, which resulted in a profit on disposal of R6,1m reflected in the statement of profit or loss.

4. EVENTS AFTER THE REPORTING PERIOD

The Group, through its subsidiary Premier Fishing SA (Pty) Ltd entered into a binding Heads of Agreement with Talhado Fishing Enterprises (Pty) Ltd (Talhado) to acquire a 50.01% stake in their business. The effective date of the transaction is 30 November 2017, subject to certain conditions precedent.

Talhado is the largest squid player in the South African market and this acquisition fits in line with the Group's strategy to diversify through expanding organically and through acquisitions.

The Board of AEEI approved the proposed listing of its subsidiary, AYO Technology Solutions Ltd (AYO Technology) on the main board of the JSE Ltd, subject to various regulatory approvals in the short term and subject to market conditions.

On 3 November 2017, AEEI acquired an additional 24.5% shares in espAfrika (Pty) Ltd from an existing shareholder by exercising its pre-emptive rights.

Fair value information

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other techniques for all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 August 2017, the Group held the following instruments measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2017				
Listed shares	235 298	-	-	235 298
Unlisted shares (excluding BT)	-	-	190 226	190 226
Biological assets	-	-	54 323	54 323
Total	235 298	-	244 549	479 847
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2016				
Listed shares	302 216	-	-	302 216
Unlisted shares	-	-	554 355	554 355
Biological assets	-	-	48 169	48 169
Total	302 216	-	602 524	904 740

5. RECLASSIFICATION OF THE PRIOR YEAR FIGURES

Dividends and interest received

A detailed analysis of the dividends and interest received from AEEI's underlying investments was performed by management. As part of this assessment, management investigated certain dividends and interest received which were previously disclosed under investment income in the year-end financial statements in line with the JSE's monitoring guidance provided. Based on the findings, management reclassified the dividends and interest received to better reflect the nature of these income streams.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

5. RECLASSIFICATION OF THE PRIOR YEAR FIGURES (continued)

Disposal Group's and non-current assets held for sale

During the year under review the Group disposed of the business divestiture of Saratoga. The effective date of the transaction was 1 July 2017 and as a result of the disposal, IFRS 5 requires the restatement of the comparative figures.

These reclassifications had no impact on the current or prior period reported earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow.

	As previously stated	Reclassi- fication of dividends and interest received	Reclassi- fication as result of disposal group	Restated
31 AUGUST 2016				
Consolidated income statement				
Revenue	752 203	30 048	(46 682)	735 569
Cost of sales	(495 646)	-	35 368	(460 278)
Other income	3 454	-	(742)	2 712
Operating expenses	(176 855)	-	7 895	(168 960)
Investment revenue	33 592	(30 048)	(239)	3 305
Finance cost	(26 232)	-	38	(26 194)
Taxation	(80 538)	-	1 206	(79 332)
Consolidated statement of cash flows				
Cash generated from operations	86 187	-	198	116 430
Interest revenue	3 544	(330)	91	3 305
Dividend revenue	30 048	-	(3)	30 045
Finance cost	(26 232)		44	(26 188)

6. DIVIDENDS

The Board of directors is pleased to announce that it has approved and declared a final dividend of 5,50 cents per share for the year ended 31 August 2017 from income reserves, after paying 2,00 cents for the interim period ended 28 February 2017. The final dividend amount, net of South African dividend tax of 20% which equates to 1,10 cents per share, is therefore a net 4,40 cents per share for those shareholders that are not exempt from dividend tax.

The total gross dividend per share for the year ended 31 August 2017 amounts to 7,50 cents compared to 3,30 cents for 31 August 2016.

7. SEGMENTAL INFORMATION

Condensed Group segmental report

	2017									
	Fishing and brands R'000	Technology R'000	Health and beauty R'000	Biotechnology R'000	Events and tourism R'000	Corporate R'000	Food R'000	Telecommunication R'000	Combined corporate and strategic investments R'000	Group R'000
Revenue	410 694	475 644	14 886	99	124 235	130 611	5 899	-	136 510	1 162 068
External sales	407 814	475 587	14 886	99	118 813	29 098	5 899	-	34 997	1 052 196
Intergroup sales	2 880	57	-	-	5 422	101 513	-	-	101 513	109 872
Segment results:										
Operating profit/(loss)	76 678	48 692	11 224	(13 169)	(1 492)	32 747	(69 591)	569 963	(36 844)	655 052
Profit from discontinued operations	-	2 810	-	-	-	-	-	-	-	2 810
Included in the segment results:										
Net (impairments)/impairment reversals and write offs	-	-	-	-	-	(2 605)	-	-	(2 605)	(2 605)
Depreciation and amortisation	(14 262)	(3 997)	(73)	(2 260)	(239)	(1 451)	-	-	(1 451)	(22 281)
Gain on bargain purchase	-	-	11 898	-	-	-	-	-	-	11 898
Gain on disposal of business	-	6 019	-	-	-	-	-	-	-	6 019
Fair value adjustments	-	13	-	-	286	40 171	(75 387)	570 000	(35 216)	535 083
Non-current assets	156 119	83 205	40 365	349 706	10 207	225 962	209 091	780 559	435 053	1 855 213
Current assets	706 873	213 958	17 756	3 337	19 160	5 806	44	6	5 856	966 940
Non-current liabilities	89 957	14 368	16 798	91 066	720	114 575	133 817	-	248 392	461 302
Current liabilities	88 181	142 506	19 245	3 955	16 090	52 360	-	34	52 360	322 371
Profit/(loss) from associates	-	(529)	(82)	-	-	-	-	30 814	-	30 203
Capital expenditure	17 543	3 268	-	16	89	135	-	-	135	21 051

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

7. SEGMENTAL INFORMATION (continued)
Condensed group segmental report

2016	Fishing and brands R'000	Technology R'000	Health and beauty R'000	Biotechnology R'000	Events and tourism R'000	Corporate R'000	Food R'000	Telecommunication R'000	Combined corporate and strategic investments R'000	Group R'000
Revenue	401 692	169 910	4 292	4	127 990	100 028	5 597	15 550	105 625	825 073
External sales	401 210	168 666	4 292	4	126 978	13 272	5 597	15 550	18 869	735 569
Inter-group sales	482	1 244	-	-	1 022	86 756	-	-	86 756	89 504
Segment results:										
Operating profit/(loss)	74 814	31 649	(1 850)	(3 166)	5 199	12 216	(33 134)	224 659	(20 918)	310 387
Profit from discontinued operations	-	3 156	(3 134)	-	-	97	-	-	97	119
Included in the segment results:										
Net (impairments)/impairment reversals and write offs	-	-	-	6 402	-	(1 039)	-	-	(1 039)	5 363
Depreciation and amortisation	(13 608)	(1 999)	(851)	(2 609)	(254)	(1 286)	-	-	(1 286)	(20 607)
Gain on disposal of business	-	-	1 034	-	-	-	-	-	-	1 034
Fair value adjustments	-	14	-	-	(27)	24 495	(38 644)	209 109	(14 149)	194 947
Non-current assets	149 831	15 503	21 770	350 375	12 950	183 901	284 478	409 211	468 379	1 428 019
Current assets	159 452	67 424	7 944	2 223	19 282	6 868	-	7	6 868	263 200
Non-current liabilities	94 692	270	183	89 367	1 907	141 039	146 947	85 603	287 986	560 008
Current liabilities	58 968	20 978	2 567	1 078	16 047	30 506	-	32	30 506	130 176
Profit from associates	-	160	82	-	-	-	-	-	-	242
Capital expenditure	9 295	1 121	-	527	287	1 261	-	-	1 261	12 491

Note:

The events and tourism division excludes Magic 828 (Pty) Ltd (Magic) as the company was managed under the corporate office for the first six months under review. Additionally, the investment in BT Communication Services South Africa (Pty) Ltd (BT) was previously disclosed under corporate and is now disclosed under the telecommunications, which forms part of the technology division.

During the year under review, the food and fishing division was renamed to fishing and brands and the health care division was renamed to health and beauty.



SHAREHOLDER INFORMATION

182 Analysis of shareholder
information

183 Shareholders' diary

184 Administration

ANALYSIS OF SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2017

DIRECTORS INTEREST IN SHARES

INTEREST IN SHARE CAPITAL "B" CLASS ORDINARY SHARES - LISTED

MAJOR SHAREHOLDERS

Shareholder information as at 31 August 2017

The Company's shareholders as at 31 August 2017 can be summarised as follows:

ANALYSIS OF SHAREHOLDINGS AS AT 31 AUGUST 2017

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
1 – 5 000	1 053	57.64	1 747 532	0.36
5 001 – 10 000	274	15.00	2 224 678	0.45
10 001 – 100 000	361	19.76	12 078 066	2.46
100 001 – 1 000 000	104	5.69	32 659 667	6.65
1 000 001 – and more	35	1.92	442 629 491	90.09
Total	1 827	100.00	491 339 434	100.00

MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	Number of shares	Percentage of total issued shares
Sekunjalo Investment Holdings (Pty) Ltd	300 552 582	61.17
Miramare Investments (Pty) Ltd	46 439 801	9.45
Total	346 992 383	70.62

DISTRIBUTION OF SHAREHOLDERS

	Shareholders		Shares	
	Number	Percentage	Number	Percentage
Individuals	1 608	88.01	50 059 292	10.19
Nominee companies and trusts	96	5.25	45 631 735	9.29
Public companies	5	0.27	178 502	0.04
Close corporations and private companies	118	6.47	395 469 905	80.48
Total	1 827	100.00	491 339 434	100.00

NON-PUBLIC AND PUBLIC SHAREHOLDING

Non-public:	10	0.55	361 989 883	73.67
Directors	6	0.33	2 473 110	0.50
>than 10% of I/C	1	0.05	300 552 582	61.17
Associates	3	0.16	58 964 191	12.00
Public	1 817	99.45	129 349 551	26.33
Totals	1 827	100.00	491 339 434	100.00

SHARE TRADING STATISTICS

	Market price per share (cents)
High	450
Low	200
Year-end	350
Volume traded (shares)	16 033 789
Value traded (rand)	54 446 485
Volume of shares traded as a percentage of issued capital	3.26%
Market capitalisation at 31 August 2017 (rand)	1 719 688 019
Market capitalisation at 7 November 2017 (rand)	2 653 232 944

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING

Wednesday, 21 February 2018, at 15:00 at the AEEI Head Office, Premier Fishing, Quay 7, East Pier, V&A Waterfront

FINANCIAL REPORTS

Announcement of interim results	May 2018
Interim report	May 2018
Announcement of annual results	November 2018
Integrated report	November 2018

DIVIDEND PAYMENT

Gross dividend (cents per share)	5,50
Dividend net of dividend withholding tax (cents per share)	4,40
Last day to trade cum dividend	Tuesday, 16 January 2018
Trading ex-dividend commences	Wednesday, 17 January 2018
Record date	Friday, 19 January 2018
Date of payment	Monday, 22 January 2018

Share certificates may not be dematerialised between Wednesday, 17 January 2018, and Friday, 19 January 2018, both days inclusive.

ADMINISTRATION

COMPANY SECRETARY

Nobulungisa Mbaliseli – nobulungisa@aeei.co.za

EXECUTIVE MANAGEMENT TEAM

Chief executive officer	Khalid Abdulla	khalid@aeei.co.za
Chief financial officer	Chantelle Ah Sing	chantelle@aeei.co.za
Corporate affairs and sustainability	Cherie Hendricks	cherie@aeei.co.za
Prescribed officer	Khalid Abdulla	khalid@aeei.co.za

BUSINESS ADDRESS AND REGISTERED OFFICE

Quay 7, East Pier, V&A Waterfront, Cape Town, 8001, South Africa
 Postal address: PO Box 181, Cape Town, 8000, South Africa
 Telephone: +27 21 427 1400
 Facsimile: +27 21 419 0731

EMAIL AND WEBSITE

Email address: info@aeei.co.za
 Website: www.aeei.co.za

COMPANY REGISTRATION NUMBER

1996/006093/06

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
 Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, South Africa
 Postal address: PO Box 4844, Johannesburg, 2000, South Africa
 Telephone: +27 11 713 0800
 Facsimile: +27 86 674 4381
 Website: www.linkmarketservices.co.za

AUDITORS

Grant Thornton Cape Inc.

SPONSOR

PSG Capital

LISTING

Johannesburg Stock Exchange	Sector: Diversified Industrials
Share Code: AEE	ISIN Code: ZAE000195731

